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8 April 1985

# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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8 April 1985

## EAST EUROPE REPORT

### ECONOMIC AND INDUSTRIAL AFFAIRS

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POLAND'S OBODOWSKI ON GDR ACCORD, 1986-1990 MUTUAL TREATIES

East Berlin NEUES DEUTSCHLAND in German 9-10 Feb 85 p 6

[Text] After concluding the two-day working meeting of both co-chairmen of the Joint Economic Council of the GDR and the People's Republic of Poland [PRP], Gerhard Weiss, Deputy Chairman of the Council of Ministers of the GDR, and Janusz Obodowski, Deputy Chairman of the Council of Ministers of the PRP, the Polish politician granted ADN an interview. During this interview, Mr Obodowski said that all activities and the common measures introduced by the Joint Economic Council serve the purpose of realizing the agreements reached between Wojciech Jaruzelski and Erich Honecker in their consultations of August, 1983 in Warsaw and in the working meeting in November 1984 in Berlin.

"These meetings have inaugurated a new phase in economic cooperation, which is marked by the development of the exchange of goods and the creation of close relations in technology and production. Like our comrades in the GDR, we are striving to fulfill the resolutions reached during the deliberations of the CEMA member nations at the economic summit meeting in Moscow in June, 1984."

It could be noted with great satisfaction, Obodowski observed, that trade relations between Poland and the GDR are developing very favorably. "In 1983 the exchange of goods between our countries reached a volume of 1.7 billion rubles and last year this exchanged climbed to a level of 1.9 billion rubles, an increase of 11 percent."

Economic Plans To Be Coordinated

The best confirmation of these favorable perspectives on the continued development of economic exchange were made apparent through the following statement: "During the course of this year, we would like to exceed the volume of 2 billion rubles in our mutual exchange. We shall strive to exceed the export and import quotas agreed upon in the annual report." During the next quarters, treaties for additional delivery of goods, exceeding the annual report, were to be concluded.

Obodowski went on to explain that "intensive work towards coordination of national economic planning of the GDR and Poland is being carried out by the central planning agencies for the years 1986 to 1990, which then will serve as a basis for the development of economic exchange for the next five-year plan. The perspective for the development of goods exchange will be decided upon in a trade agreement for the years 1986 to 1990."

During the high-level negotiations of the delegations of state and parties of both countries, the desire to deepen economic and scientific-technical cooperation had been expressed, [Obodowski said]. For many months now, work has been underway that has the expressed intent of furthering the development of economic relations between Poland and the GDR based on concrete relations in the production of goods. The ministries of industry in both countries are at present in the process of scrutinizing and deciding upon the conditions for the realization of a number of main tasks and suggestions of interest to both parties [he added].

#### Intensification of Cooperation and Specialization

An agreement to negotiate a treaty on cooperation in the areas of housing and industrial construction has been reached between the GDR and Poland. The treaty [according to Obodowski], also is to provide for the exchange of experience in the area of work organization in the construction industry, the exchange of the best technological solutions and the implementation of building materials.

For the years from 1986 to 1990, a large number of bilateral cooperation and specialization treaties have been signed. "For example, in the metallurgy area pipes, universal plate, rails, sectional iron and other goods will be specialized," Mr Obodowski said. "In the area of the chemical industry specialization will affect organic pigments, plant-protective agents, laboratory chemicals and fine chemicals, pharmaceuticals and synthetic perfumes. In the area of machine industry there are some types of agricultural machinery and ship equipment, hydraulic products and machines and equipment for the food sector, industrial instrumentation, and equipment for rail vehicles. In the area of metallurgy, cooperation is to include a long-term exchange of metallurgic products, as well as cooperation in the implementation of industrial robots in industrial production.

In the area of the chemical industry, contracts regulating long-term deliveries of oxoalcohols from the PRP in exchange for propylene from the GDR are concluded as well as in the area of plant-protective agents. In the area of automobile manufacture, an agreement on building special-purpose vehicles is to be signed."

He stated that many of the presently existing agreements on specialization and cooperation will be extended until 1990. "These examples bear witness to the progress made in the intensification of the stable and

long-term economic relations between Poland and the GDR. We shall continue to pursue this course."

Referring to the existing economic relationships within CEMA, the chairman said that these relationships are closely connected to the bilateral economic cooperation between Poland and the respective states. "This is, of course, also true for Poland's economic relations with the GDR. In realization of the resolutions of CEMA at the highest level during the economic consultations of June, 1984, we have directed special attention towards the program of developing economic and scientific-technical cooperation between the PRP and the GDR until the year 2000, which is presently being elaborated." Thus, [Obodowski said], the basis for an intensification and broadening of the cooperation in the area of industry as well as for specialization and cooperation is being created. Now is the time to take advantage of these possibilities, Obodowski emphasized.

He mentioned additional results of bilateral cooperation, especially in the area of joint research, for example in lignite mining, in new types of electronic components, the production and use of mineral wool in the construction industry and the cultivation of new kinds of plants.

"For the program of selected problems in scientific-technical cooperation for the period 1986-1990, we have directed our cooperation into those areas of research that are of particular importance for the national economies of both countries, for example the economic use of energy, the processing of secondary raw materials, the development of electronics, the production of highly refined chemical products and rationalization in the construction industry."

#### Contacts Between Factories Became Tradition

Janusz Obodowski mentioned that many relations between factories in Poland and the GDR have already become a tradition, among them the Plock Petrochemical Factory and the Schwedt Petrochemical Combine, the Stilon Factory at Gorzow and the Guben Chemical Fiber Plant, or the lignite power plant in Belchatow and the Jaenschwalde power plant. "We have high regards for the regular contacts between the party organizations, especially for the annual conference of the first secretaries of the Wojewod management of the PVAP and the district leadership of the SED of the border districts, the labor unions and the other organizations within our society, which, by virtue of their activities, foster cooperation in their respective circles. On the international level, we are also working together very closely."

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CEMA TRANSPORTATION SYSTEM GROWTH FORECAST

East Berlin AW-DOKUMENTATIONEN ZUR AUSSENWIRTSCHAFT in German Vol 13 No 3,  
16 Jan 85 pp 24-25

['CEMA Countries' Feature: "Perspectives of the Transport System to the Year 2000"]

[Text] The CEMA member countries will carry out coordinated measures for complex development of the mutual transport connections, which concern especially closer coordination of the plans for the development of the transportation system, coordination of investments of mutual interest for the development of the infrastructure of the countries in this field, improving the capability of the border railroad stations to process traffic and perfecting the planning system and the conditions for the transportation of foreign trade goods by all common carriers, whereby special attention is being devoted to the necessity of improving the conditions of the maritime transports to the SRV and the Republic of Cuba. (From the Declaration of the Participants of the Economic Conference of the CEMA Member Countries on Highest Level).

Within the framework of the Permanent CEMA Commission for Cooperation in the Field of the Transportation System, there exists a successfully functioning system of cooperation in the planning activity in the transportation system. It comprises

- Prognosis activity
- Coordination of long-term development plans
- Coordination of 5-year Plans
- Coordination of annual plans.

Aside from that, operational consultations on the principal questions of transportation policy are being carried out.

Within this framework prognoses for the development of the international transports of the CEMA countries have recently been prepared which, among other things, relate to the extent of freight transports and of passenger transportation in international traffic between the CEMA member countries, the

technical development of the transportation system and the demand for the most important technical means, materials and energy.

#### Freight Transportation Increases by Roughly 26 Percent

According to this prognosis, freight transportation up to the year 2000 will ~~rise~~ by 25 to 26 percent compared to 1980. Analysis of the data of the individual countries and distribution of the transports to the CEMA countries indicates

--a trend towards a slowed-down growth of the total volume of the transports (1980 to 1985: 16 percent; 1985 to 1990: 4 percent; 1990 to 1995: 2 percent; 1995-2000: 1 percent);

--a more intensive growth of the export deliveries from the CEMA member countries thus far less involved in the socialist division of labor;

Both trends are the result of structural changes in the economies of the CEMA countries and their mutual economic relations.

The redistribution of the mutual export deliveries of the CEMA countries can be explained by a series of economic reasons:

--The intensification of the efforts by the CEMA countries to raise the effectiveness in the use of fuel and raw material resources stimulates the introduction of technologies that reduce specific raw material and fuel consumption.

At the same time, the CEMA countries are increasingly exploiting their own fuel-energy and raw material resources and are bringing first processing and beneficiation of the raw materials and fuels and the material and energy-intensive production processes closer to the locations of the workings.

--Moreover, within the framework of deepening the socialist division of labor, the more far-reaching division of labor of the initial materials increases, which leads to an expansion of the mutual exchange of the products with relatively small mass share.

#### Differentiated Development Among the Common Carriers

With different share of the individual common carriers in transportation, their absolute volume will grow. This signifies greater demands on the means of transportation and the capability of the main lines to handle such traffic. In the years from 1980 to 2000 an increase of 24 percent is expected in railroad transportation, of 46 percent in maritime transportation, of 62 percent in inland waterways shipping, of 105 percent in motor-vehicle traffic and a six-fold increase in ferry shipping.

The increase in sea-borne transport and shipping by ferry in international transportation leads to an increase in railroad transportation in inland transport. Development of railroad trunklines acquires special importance in this connection.

### Structure of Freight Transportation Among CEMA countries

	<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>2000 (All in %)</u>
Railroads	44.9	44.7	43.9	44.1	44.1
Sea-going shipping	20.9	22.8	23.7	23.9	24.2
Inland waterways shipping	3.3	3.9	4.2	4.3	4.3
Pipelines	29.7	27.0	24.2	23.7	23.3
Motor Vehicle traffic	0.3	0.4	0.4	0.4	0.5
Ferry shipping	0.9	1.2	3.6	3.6	3.6

### Structure of Passenger Transportation Among the CEMA countries

	<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>2000 (All in %)</u>
Railroads	26.5	27.5	28.3	27.8	29.6
Air traffic	9.3	9.1	9.1	9.5	10.0
Motor vehicle traffic	63.3	62.9	62.0	62.1	59.8
Sea-going shipping	0.5	0.1	0.2	0.2	0.2
Inland waterways shipping	0.4	0.3	0.4	0.4	0.4

According to the prognosis estimates, the share of raw material and fuel transports will decline but the absolute volume for all goods will grow up to the year 2000, whereby especially high rates of growth are expected in the case of mineral and chemical fertilizers (1980 to 2000: 34 percent) and for metals (32 percent) on account of the international specialization of production, which entails a broad exchange of various types and kinds of rolling mill products.

### Growing Share of Railroads in Passenger Transportation

Compared to 1980, passenger transportation will grow 55.4 percent by the year 2000. The biggest influence in this respect will be exerted by the population increase in the CEMA countries, increasing mobility of the population as a result of the increase in the living standard and lengthening of the leisure time and expansion of the cooperation of the CEMA member states.

Aside from the increase in the volume of the passenger transportation, there is a further redistribution of the transportation among the individual common carriers.

The highest absolute increase up to the year 2000 is expected to be in road transport even though its share in the total transportation will decline. What will increase is the share of railroad transportation and air transport. The share of water transportation in international passenger transportation will remain relatively small.

In 1980, the share of passenger transportation by railroad was 26.5 percent (1970: 51.3 percent; 1960: 80.2 percent). After 1980, the railroad share again increased by the reduction of the share of the road transport. Therefore, the 1985 share is expected to be 27.5 percent, in the year 2000, 29.6 percent.

Road transport (buses and cars) had the greatest rate of growth with regard to the absolute transportation volume and also among the common carriers. Its share in the total volume rose between 1960 and 1980 from 12.7 percent to 63.3 percent. Compared to 1980, a 45-percent increase is expected by the year 2000. But its share in the total volume of transportation will decline (59.8 percent).

Bus transportation in the various European CEMA member countries increased twentyfold between 1960 and 1980 and eightfold between 1970 and 1980. Its increase will amount to 37 percent between 1980 and 2000.

Car transportation in the European CEMA countries grew 53-fold between 1960 and 1980 and 7.4-fold between 1970 and 1980. A 52-percent increase is predicted for the year 2000 compared with 1980.

Between 1961 and 1980, air passenger transport grew nearly tenfold (from 1971 to 1980, threefold). Between 1980 and the year 2000, an increase of 67 percent is expected. Among the common carriers, its 1980 rating was 9.3 percent; it will increase to 10 percent by 2000.

#### Development of the Material-technical Base

The prognosis of the material-technical development of railroad transportation up to the year 2000 provides for the following:

- to apply modern technology (vacuum switches, microprocessors, semiconductor valves, etc) in electrification;

- to raise the power of the electric locomotives from 5000 kilowatt to 6000 kilowatt (in the USSR, to 12,000 kilowatt) and that of the diesel locomotives for freight transportation to 3000 kilowatt per train unit for a gauge of 1435 mm and to 6000 kilowatt per train unit for 1520 mm;

- to introduce automatic control systems for train and shunting locomotives;

- to use freight trains between 2000 and 4000 tons for a gauge of 1435 mm and between 5000 and 7000 tons for 1520 mm in international transport and passenger trains between 500 and 700 tons and 1000 tons respectively;

- to expand the train lengths for freight trains to 600 to 850 m and for passenger trains to 500 m;



--to raise the speeds for freight trains to 100 km/h to 140 km/h and for passenger trains to 120 km/h to 160 km/h;

--to increasingly use special cars;

--to raise the carrying capacity and the axle load;

--to perfect the brake systems, roller bearings, etc;

--among other things, to install airconditioning, sun-protection windows, telephones, television;

--to raise the capacities of the track superstructure by laying heavy rails, among other things thermically processed, by joltfree rails, reinforced concrete ties, and changeover of the tracks to crushed rock and asbestos ballast;

--to employ highly productive machines for repair and maintenance of the tracks;

--on international lines, to apply a complex system of automated installations for breaking up trains on the switching inclines of switching yards, a uniform system of automatic section blockings and an automatic locomotive signaling for lines with high speeds of travel and an automatic control system for train movement on sectors and junctions while using EDP.

By the year 2000, new technological processes and methods of organizing and controlling the train movement while using automatic control systems (information system for border traffic, complete train load formation of international freight transports, automated control system of the OPW (joint freight car pool) and of the SPC council, electronic seat reservation for passenger trains, etc) will be developed.

The technical means for performing loading and unloading operations will be further perfected.

According to the prognosis of the technical development of the sea-borne transportation up to the year 2000, the trend toward increasing the average tonnage of the ships and the share of the specialized ships will continue. In connection with the special nature of the geographic situation and the conditions of the ports, the CEMA tanker fleet will be predominantly supplemented by medium tonnage tankers. Also being built are ships for bulk goods (25,500 tdw and 100,000 tdw), container ships (capacities: 1000, 1200 and 1500 ISO containers), ro/ro ships with a hold capacity of 12,000 cubic meters, 30,000 cubic meters and 60,000 cubic meters, diesel and nuclear-powered barge carriers and refrigerator ships with a 15,000-ton capacity. Moreover, the fleet is being increased by improved types of universal dry cargo ships.

Systems of automation of the movement and control of the ships, control and diagnosis of the power plants and auxiliary mechanisms using microcomputers will find wide application. Automation of the work in the seaports is to be further pushed.



Automated systems of the control of sea-borne transportation--information and computer complexes with modern computers and means of data collection, transmittal representation and duplicating are being further developed.

The prognosis of the technical development of inland waterway shipping up to the year 2000 provides for considerable qualitative changes of the waterway network. Its length grows by an improvement of the shipping conditions on the sectors that are already navigable, but especially by artificial waterways. Development of the inland waterway network makes possible freight transports by rivers over great distances and traveling over sectors with different shipping conditions. Construction of large tonnage ships with or without propulsion of their own and good seaworthy characteristics is being continued. Attention is being paid to environmental protection. In connection therewith, ships are to be equipped with systems for intake and pumping-off of oil-containing and other waste water and with other devices.

The capacity of the inland waterway ports is to be increased by the development of mechanical docks (including for large-tonnage container ships), storage spaces are to be enlarged, harbor railroad tracks and sidings and loading and unloading possibilities are to be expanded.

As regards motor-vehicle traffic, the movement of the means of transportation is to be intensified while simultaneously raising comfort and safety on the roads by improvement of the parameters of the roads and by the use of new construction material. Moreover, the quality of the road construction work is to be improved by the creation of a comprehensive complex of machines for the entire construction process. In the vehicle park, the share of special vehicles and buses and the number of trailers and semitrailers is to be increased. Growth of the vehicle load is to be guaranteed by an increase in the axle load, an increase in the number of axles and a reduction of the empty weight of the motor vehicles.

Aside from the increase in the loading weight of the heavy duty trucks, the use of road trains of greater performance and carrying capacity is planned. The truck park is to be supplemented by vehicles with economical and reliable diesel motors on natural gas basis.

In car use, traffic safety is to be enhanced, driver comfort improved, air pollution reduced and specific fuel consumption lowered.

Special attention is devoted to the creation of systems of active and passive traffic safety as well as to the reduction of the seriousness of the consequences of traffic accidents.

Thus in the transportation system of the CEMA countries, a great demand will arise among other things for electric locomotives, shunting diesel locomotives, freight and passenger train cars, rails and wheel sets, sea-going and inland ships, containers, trucks and cars, buses, aircraft and helicopters, railroad track machinery, loading and unloading mechanisms and equipment for automated transportation systems.

(Source: RGW-INFORMATIONS BULLETIN 8/84)

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CZECHOSLOVAKIA

CSSR COMMERCIAL ATTACHE PRAISES SINO-CZECH TRADE RELATIONS

Beijing GUOJI MAOYL /INTERTRADE/ in Chinese No 11, 27 Nov 84 pp 23-24

/Article by Dosan Czaburosky (?) /Du-shan Sa-bu-ruo-ci-ji/, commercial counselor of the CSSR embassy in China: "Wishes from a Country in Central Europe"/

/Excerpts/ Although Czechoslovakia and China are miles apart, the trade between the two countries has not been affected by the distance of 12,000 km. In fact, the Czech-China reciprocal trade has never been disrupted even during the period of "fluctuation."

Czechoslovakia and China maintained intimate and friendly relations of cooperation in various fields during the early period of the founding of your honorable country, the memory of which still remain fresh in the minds of the people of the two countries. The engineering and technical personnel and workers of both countries in the energy, food, machine-building and ceramics industrial departments have maintained friendship since that time. I am convinced that such friendship has also existed in Shanghai, Beijing, Jingdezhen, Prague, Brno and other cities. We treasure the friendship between the Czechoslovak and Chinese people. The Shenyang No 2 Machine Tool Plant has continued to use the name Sino-Czechoslovak People's Friendship Machine Tool Plant, thus symbolizing this friendship. We hope that our reciprocal and sincere relations in trade and cooperation can be further developed on the excellent foundation we had in the past.

With a feeling of immeasurable joy, we recall the warm, sincere and friendly scene at the exhibition of Czechoslovak textile machinery held in Shanghai for the first time 3 years ago, this shows that our two countries have restored, 20 years later, the fine tradition of recognizing and understanding each other's economy.

Since then scores of Chinese trade delegations have visited Czechoslovakia and many of our delegations have also visited your honorable country. In 1981, 98 Czechoslovak experts and people from trade circles visited your honorable country; last year, this number had increased to 192 and by the first half of this year, it registered 300.

This year, your honorable country has sent to our country a power industry delegation, a metallurgical and machine-building experts delegation, a delegation of the Ministry of Railways, a mining and heavy industry delegation, a delegation to discuss coal liquidization and a delegation of the Ministry of Textile Industry. We also had the honor of welcoming delegations from Shanghai Municipality, Beijing Municipality, Lanzhou City and Yunnan Province. We are confident that both sides can find more channels of cooperation and exchange and further strengthen the ties between us and deepen our understanding.

The signing of long-term trade agreements and long-term agreements for technical and economic cooperation is beneficial to trade development of both sides. One of the excellent examples is the agreement on transferring technology and equipment for the modernization of 11 Chinese factories by Czechoslovakia signed in April 1984 between Comrade Zhu Rongji /2612 3579 1015/, vice minister for the State Economic Commission of China; and Comrade B. Urban, Czechoslovak minister of foreign trade. Trade contacts have increased as mutual understanding developed. The goods exchange agreement between the two countries signed in 1983 amounted to approximately 270 million Swiss francs, and by 1985 it will increase to approximately 500 million Swiss francs. In August 1984, both sides signed a supplementary agreement increasing the amount of goods exchange by 350 million Swiss francs.

The exhibition of Chinese products organized by the China Council for the Promotion of International Trade at the Brno Fair held in Czechoslovakia in August 1984 was a smashing success.

In May 1984, our KOVO foreign trade corporation held an export products exhibition in Beijing and will participate in the international printing machinery exhibition to be held in Beijing. Our machinery import corporation participated in the international textile machinery exhibition held in Guangzhou in September 1984 and will also participate in the international leather-processing machinery exhibition to be held in Beijing.

The Czechoslovak machine industry exhibition with the participation of approximately 15 Czechoslovak foreign trade corporations will be held between 27 November and 5 December 1984 at the central open exhibition ground and the No 7 exhibition room of the Beijing exhibition hall. INTERTRADE, the Chinese monthly, will publish a brief introduction of the participating corporations and the items on display.

In April 1984, the Chinese economic delegation led by Comrade Zhu Rongji, vice minister for the State Economic Commission, visited our country. In May, our economic delegation headed by Comrade Urban, minister of foreign trade, visited your honorable country. In July, Comrade Chen Muhua /7115 1970 5478/, Chinese state councilor and

minister of foreign economic relations and trade, visited our country. During the visit, she and Comrade Urban signed a government agreement for the establishment of the Sino-Czechoslovak Commission for Economic, Trade and Scientific and Technical Cooperation and an agreement on economic and technical cooperation in Prague.

The Czechoslovak and Chinese sides decided to further promote the socialist construction of both countries and expand economic cooperation based on the principle of equality and mutual benefits. The central point of cooperation has laid stress on: the designing, construction and renovation of projects of common interest to both sides; mutual supply of technical services and undertaking the task of training technical personnel; and the pursuit of new cooperation, including cooperation in production and also providing projects and technical services to the third country. At the same time, both sides have agreed to make preparations for the 1986-1990 long-term trade agreement.

The above-mentioned agreements have laid the foundation for economic cooperation that can be rated as of sizeable scale and have also paved the way for cooperation at an even higher level in cooperative production of items such as Tai-tuo-la /1132 5192 2139/ trucks and some textile machines.

We are happy to see the success your honorable country won at the Brno International Fair and are honored that we can hold an exhibition in your honorable country to introduce our export products.

12662

CSO: 4006/251

8 April 1985

CZECHOSLOVAKIA

## JAKES CRITICIZES INDUSTRY, CALLS FOR WORK DISCIPLINE

AU151342 Prague RUDE PRAVO in Czech 14 Mar 85 p 2

["Ti"-signed report: "The Economy Can Do Better: Comrade Milos Jakes Met With Journalists"]

[Text] Despite the favorable results achieved in the past 2 years, in that there has been success in renewing the dynamism of the growth of the national income, we cannot be fully satisfied with the speed and quality of the process of the intensification of the national economy, said Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee, at a press conference held in Prague on Wednesday [13 March].

To create social values, we still need disproportionately high quantities of energy and materials. From the example of a number of developed countries one can see that production costs can be substantially reduced. We are still making too many products which do not find a planned for utility in either domestic or foreign markets. In some instances, instead of machinery, whose sales on the world markets are much more profitable, we sell metallurgical materials or consumer goods of which there are shortages on the domestic market.

At all worksites, including ministries, one must pay attention to intensification of the national economy, increasing profitability, and improving the quality of production. This can be achieved only through lower production costs, and balanced plan fulfillment ensuring a well-functioning supplier-consumer relations. One simply has to make better use of available materials, manpower, and machinery--including putting the added capacities into operation as planned.

There is a potential for better cooperation among the CEMA member-countries. In view of the extensive international division of labor, we cannot proceed with a buildup and modernization of all branches of the national economy. Within the framework of structural changes it is necessary to concentrate on selected sectors which will provide the means to purchase the necessary raw and other materials, as well as finished goods for the needs of the entire national economy on more favorable terms.

In the overall endeavor for intensification, the initiative of the working people plays an indispensable role. Currently, it is helping to make up for delays caused by unfavorable climatic conditions. On the other hand, it is equally important to improve the planned management of the national economy--including direct management--and speedily implement new technologies in production and management. This cannot be done without stricter work discipline at all worksites, said Comrade Jakes among other things.

CSO: 2400/324

CZECHOSLOVAKIA

BRATISLAVA REPORTS URBAN, LENNART ADDRESS INDUSTRY MINISTRY MEETING

LD222311 Bratislava Domestic Service in Slovak 1730 GMT 21 Mar 85

[Text] A political-economic working meeting of the Slovak Ministry of Industry was held today in the Social House of the Dimitrov chemical works in Bratislava to discuss the ensuring of the tasks of the 1985 state plan and preparations for the next 5-year plan. Also present at the deliberations was a party and government delegation led by Comrade Jozef Lenart, member of the CPCZ Central Committee Presidium and first secretary of the CPSL Central Committee. Our correspondent Alica Bielikova reports:

The plan for 1985 confronts the economic sphere with demanding and, in some areas, even unusual tasks. This was stated in the main paper delivered by Slovak Minister of Industry Stefan Urban. He went on to say that compared with 1984 the ministry's industrial production (in 1985) is to increase by 2.3 percent and exports to non-socialist states by nearly 9 percent. This orientation of tasks demands, among other things, the restructuring of production to reflect the needs of the customers.

In the next part of his paper, Comrade Stefan Urban dealt with problems caused in supplying raw materials, materials, and power, and in the smooth running of production processes, by the exceptionally cold weather at the beginning of the year. He underlined that making up for losses must be understood by enterprises in its full context, that is, not only in the production of goods where losses were the greatest--they amounted to Kcs 405 million--but also as regards use, supply relations, and in the entire economy.

On no account is it admissible to expect changes to the plan or allow certain economic production units, for example (Slovcepa), the timber and furniture industry, and Slovakotex enterprises to take the whole period up to September to make up for shortfalls in production. It is necessary to have made up for them by the end of the first quarter, or, at the latest, by the end of June.

Comrade Jozef Lenart also participated in the discussion at the working meeting. He said; among other things, that in the interest of fulfilling the party's line for raising the quality to satisfy the workers' and all citizens' needs, it is necessary to continue intensifying the economy. Therefore, we must utilise raw materials, materials, the labour force, and machinery still more efficiently.

In the next part of his address Comrade Jozef Lenart noted that in the Ministry of Industry, too, it is necessary to further improve discipline, and implement new developments of science and technology faster, to ensure the necessary flow of work to meet obligations to domestic and foreign customers with greater consistency and flexibility. In conclusion he appealed to all managers to increase the participation of workers in management and in the shaping of goals of socialist competition, for that is the only way in which the economic results of 1985 can become a good starting point for the entire Eighth 5-Year Plan.

CSO: 2400/324



CZECHOSLOVAKIA

#### SLOVAK MINISTER JANOVIC ON AGRICULTURE

AU130841 [Editorial Report] Bratislava ROLNICKE NOVINY in Slovak on 9 March 1985 carries on pages 1 and 3 an about 5,500-word "Excerpt from the Statement Delivered by Jan Janovic, Minister of Agriculture and Food in the Slovak SR at the Nitra Aktiv Meeting," held on 20-22 February 1985 on the tasks of the agricultural and food industry in Slovakia. The excerpt, entitled "New Demands, New Approaches," first deals with the aim of relative reduction in consumption of inputs. Janovic states: "In the period 1970-80, the deliveries of industrial fertilizers in the Slovak SR [Socialist Republic] increased by 90 kg of net nutritive value per hectare of agricultural land. Currently, and also during the entire period up to 1995, we can expect achieving an average increase of 13 kg of pure nutritive value per hectare, at best. In the past decade we had at our disposal a 72-kg increase of fertilizers in terms of pure nutritive values per Kcs 1,000 of the increment of gross plant production; but now and in the future we will have merely 11.5 kg pure nutritive value."

Janovic then deals with the decisive role of higher percentage of albumen in animal production in the period 1970-80, when the import of these components increased by 123,000 tons (in terms of oil-cake values); but, he adds, these imports will not increase up to 1990--on the contrary, compared with 1980 they will be 96,000 tons lower. The domestic production of oil-cake and meat-and-bone meal increased in the past period by 37,500 tons; but, Janovic reportedly stated, this increase will not be possible in the next period: "In 1980 we had at our disposal 19.2 kg of oil-cake and meat-and-bone meal per Kcs 1,000-worth of animal production; in 1990 the figure will be merely 13 kg."

Janovic is then quoted on the fuel and energy situation: in 1970-80 deliveries to Slovak agriculture increased 70 percent; and consumption per Kcs 1,000-worth of gross agricultural production increased 39 percent, that is by 2.4 percent annually. However, Janovic says, "the situation at the beginning of the 80's radically changed and now we must count on cutting down the fuel and energy consumption demands by 2 percent annually." According to him, in 1980 expenditures for fuel and energy amounted to 6.5 percent of total costs; in 1985 the figure will be 12.4 percent; and in the Eighth 5-Year Plan, 14-15 percent. And this increase will not be fully covered by the adjustment of economic instruments.

"We must also count on difficulties appearing in capital construction, particularly because of problems with building capacities and with certain

construction materials, such as cement, timber, and metallurgical materials," says Janovic; in the 70's the food industry increased its gross production by 1 percent for every percent of increased deliveries of agricultural produce to the state funds; in the Eighth and Ninth 5-Year Plans the envisaged figure is 1.4 percent.

The deliveries of herbicides and pesticides, Janovic says, grew by Kcs 30 million annually, and this growth will hopefully also continue in the 80's.

According to the plans up to 1995, the minister notes, agricultural production is to grow 1.3 percent annually (in the 70's it increased 2.2 percent); the annual growth in food production is estimated at 2 percent (compared with 5.1 percent in the preceding decade).

The minister is then quoted on the primary tasks of the coming period: first, "the comprehensive solution of the situation in sectors affected by the substantial, relative, and even absolute reduction of deliveries of the production means from external sources, that means above all in the sectors of the supplies of industrial fertilizers, fuels, and energy, and also of concentrated--particularly albuminous--feed." Second, one should concentrate on "factors and methods of the growth of agricultural and food production which place smaller demands on the limited material resources."

After dealing with various measures and reserves for cutting losses in the handling of industrial fertilizers and for raising plant production and with the need to speed up capital investment projects (without impairing the production sector and the development of the material-technical base), Janovic elaborates on the situation in fuels and energy, stating: "There will be no fuel increase. In the current period we are incapable of coping with the reduction of limits on diesel oil, which is today a complicated and sensitive factor in ensuring plants' production." Janovic mentions measures which have been worked out for regulating the use of industrial fertilizers and pesticides and for the increased use of biological methods in agriculture, and elaborates on ways to reduce energy consumption in agriculture.

The minister then deals with leguminous plants for fodder, where average per-hectare yields continue to be low and to show a low albumen content.

After noting that Slovakia still has to drain 200,000 hectares and to irrigate 650,000 hectares of land, the minister deals with the program for cutting down losses in finished produce; the program aims at increasing plant production by Kcs 900 million, animal production by Kcs 65 million, and food production by Kcs 135 million. According to Janovic, the means spent for the anti-loss program are more accessible and effective than the expansion of production by extensive methods.

Janovic then dwells on the advantages of improving the quality of produce (better-quality potato production would fully cover social consumption with about 900,000-950,000 tons, instead of the currently planned 1.1 million tons); the expediency of creating contingency reserves of fodder, even though this is an expensive project; and the utilization of reserves in basic assets, since

investments in the industrial-agricultural complex will continue to be both limited and lower than desirable.

Janovic then reportedly says that new progressive production processes should be applied even partially and gradually, without waiting for all the material prerequisites necessary for their full implementation. The efficient use of production costs, he said, will require changes in the aims of research and development tasks. He is said to have quoted the example of beef cattle, where the procurement prices are 39 percent higher than for pigs; this makes it necessary to spend about Kcs 18 billion from the state budget on maintaining the current retail prices of beef, milk, and dairy produce. If beef consumption is to be raised, and pork consumption lowered, the drain on the state budget will further increase if nothing is done to cut down the production costs of beef, the minister warned.

In Slovakia the state and cooperative farms are paying more for work in animal production under substantially equal production and working conditions than in the Czech lands, Janovic states; if remunerations are not to be reduced, performance must be raised and improved. The lower profitability in Slovakia's food industry, he says, is due to larger write-offs than in the Czech SR; and the lowest profitability is registered in the milk and the flour-mill-and-bakery industry.

Janovic further said to deal with the manpower issue, saying that the Slovak agriculture has sufficient manpower on the average; but that most state farms, enterprises with a long-term lag, and enterprises with a larger acreage of potatoes, vegetables, and fruit all lack manpower in the peak seasons; and certain areas have manpower problems in animal production, especially in cattle breeding. On the other hand, he adds, Slovak cattle breeding employs relatively more people than similarly equipped enterprises in the Czech SR, and the situation is similar in the food industry. "We are counting on the number of people employed in the period 1980-95 in plant and animal production in the socialist agriculture of the Slovak SR dropping by at least one-sixth. The manpower freed from agricultural production proper can be employed exclusively in ancillary production of the unified cooperative farms and state farms. In the period mentioned above, their number could increase by at least two-thirds," Janovic reportedly says. Noting the need for a new concept of the ancillary production of agricultural enterprises and the need to link it firmer with industrial production and with the services, Janovic notes that it is expedient to increase the number of employees in repair and maintenance workshops.

After stating that the CSSR has reached certain barriers in further rapidly enhancing material inputs and in their extensive utilization, Janovic points out that live labor is a factor which determines the qualitative use of other production factors, including soil and production assets.

He continues by noting that many organizations are complaining about the inadequate remuneration of foremen and organisers of production, pointing out the possibilities for raising their wages 10 percent above the upper limit of the wages scale. Janovic then reportedly elaborates on the use of the enterprise and intra-enterprise economic accountability and of the brigade form of

remuneration and organization of work. After noting that a brigade should have no more than 10-12 members, the minister reportedly deals with remunerations in plant production according to results--a difficult and as yet unresolved problem, because the results can vary due to weather conditions and through no fault of the workers. Another problem he is said to have mentioned is that of remunerations within the framework of a brigade, and also the issue of percentage for the basic and mobile components of the wages, where the substantial mobile component frequently becomes an insufficiently differentiated immobile component.

Janovic continues to dealing with the role of operational management in the enterprise sphere, with the role of counterplanning and of the increasing economic independence of enterprises, as well as with the importance of staff schooling in economy and in the new economic policy. The minister is said to note that the increasing efficiency of management is going hand in hand with increasing costs for it, which exceed the costs in the Czech SR and which substantially burden the enterprises. That, he points out, is partly because employees with a higher education are working in the administration of farms and enterprises, instead of directly in production. Janovic reportedly urges the sphere of agriculture to analyze the organizational and management structures of all its organizations and to prepare corresponding cadre and other measures to rationalize management work and to make it more efficient; the excerpt from Janovic's statement concludes with a passage on the new problems and tasks facing the agriculture and food industries and on the need to adequately prepare for them.

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CZECHOSLOVAKIA

OFFICIAL ON AGRICULTURE RESULTS, PLANS

AU191115 Bratislava PRAVDA in Slovak 18 Mar 85 p 3

[Article by Julius Varga, head of the Agricultural, Food, Industry, Forest, and Water Management Department of the CPCZ Central Committee: "Multiplying the Quantitative Successes by Improvements in Quality"]

[Excerpts] As was pointed out at the 11th Session of the CPCZ Central Committee, the successful fulfillment of the 1984 tasks constitutes an important point of departure for ensuring the challenging tasks of this year and the fulfillment of the entire Seventh 5-Year Plan. Today, when we know the overall results, we are able to say that in a number of indicators we managed to surpass the results of preceding years. In gross agricultural production, we achieved a record level of Kcs 114.2 billion. The tasks of the state plan were exceeded by almost 7 percent and planned production for the market was fulfilled 106.5 percent. These results also had a significant impact on the overall fulfillment of tasks in the first 4 years of the Seventh 5-Year Plan and, in many important sectors of agricultural production, contributed to eliminating or markedly reducing production shortfalls accrued, above all, in the first 2 years of the Seventh 5-Year Plan. For the entire 1981-84 period, overall tasks in gross agricultural production were fulfilled 103.9 percent and in the food industry's output 101.2 percent. Behind these results, we must see the purposeful endeavor of party, state, and economic agencies as well as the selfless work and responsible approach by employees throughout the agro-food-industry complex.

Of exceptional importance, from the viewpoint of meeting the long-term goals, was the accelerated dynamism of production, especially in the crucial sectors--grain bulk fodder, oil-bearing crops, and pulses. The record grain harvests of the past 2 years in particular have significantly contributed to improving the situation in grain fodder and to reducing its imports. The solution to the grain problem has also been helped by the increasing production and quality of bulk fodder crops, with a record harvest of 15.6 million metric tons last year, which means that the planned tasks for the first 4 years [of the current quinquennium] were exceeded by 3.2 percent. The development of animal production was also favorable. Dynamic production growth continued last year, especially in milk, and all decisive indicators for the production and procurement of animal products were exceeded. The important thing is that these results were achieved predominantly by way of intensification, through increases in the yields and weight gains by livestock. The use of concentrated feed per production unit was further reduced.

The economic results of agricultural enterprises are also improving significantly. An important role in strengthening their management and improving their results is played by the implementation of the improved system of planned agricultural management. Compared with 1983, further improvements were achieved in the fiscal management of agricultural organizations. United agricultural cooperatives accumulated profits of Kcs 11.2 billion and state farms achieved profits of Kcs 2.1 billion, which is substantially more than envisaged by the plan. The rate of profitability in united agricultural cooperatives increased to 13.2 percent and in state farms to 8.83 percent.

The results achieved bear testimony to the correctness of the economic policy formulated by the 16th CPCZ Congress. Agriculture and the food industry have been developing dynamically in the past few years, self-reliance in the production of foodstuffs has been enhanced, and the quality of people's nutrition has further improved. Self-sufficiency in foodstuffs, which in the first half of the 70's was at around 80 percent, has now increased to over 95 percent. We are now fully self-sufficient in meat, milk, butter, eggs, sugar, poultry, and, recently, we have become almost self-sufficient in grain. We still have a deficit in protein-rich fodder crops, oil-bearing crops, and in some types of fruit, vegetables, and so-called small-volume crops. As regards these crops, however, we continue to reckon with some imports in the future, in view of our climatic conditions and limited production possibilities.

Successful plan fulfillment in most crucial production sectors, the initiation and development of structural changes, and the attained dynamism throughout the agro-food-industry complex have established a favorable base for setting more progressive tasks in the approved Seventh 5-Year Plan. The tasks in gross agricultural production are 4.5 percent higher [than in the original Seventh 5-Year Plan], of which tasks in plant production are 1.6 percent higher and tasks in livestock production are 6.9 percent higher.

Also this year, foremost attention will have to be paid to the preferential development of plant production and, within plant production, to the comprehensive solution of the grain problem, which makes this task challenging and complicated. The production of 11 million metric tons of grain will represent the basis [of the solution of the grain problem]. Although this is less than last year's actual harvest, we consider it necessary to concentrate our attention more not only on the stabilization of high yields, but also on the quality of production, on improving the grain's quantitative and nutritional value.

Exceptionally exacting are the tasks in the production and procurement of sugar beets, potatoes, hops, and some types of fruit and vegetable. These sectors are marked by a long-term stagnation in production and by great ups-and-downs in individual years that strongly affect the production in our agriculture as well as our foreign trade balance. Ensuring the production of 7.8 million metric tons of sugar beets; 3.75 million metric tons of potatoes; and 14,200 metric tons of hops will require further intensification of their production.

In animal production, favorable conditions have been established for a successful completion of this year's tasks. Although the 1985 goals in production and

procurement of major products of animal origin--meat, milk, and eggs--are slightly below the high results of last year, it does not in the least detract from their exacting nature. The fulfillment of the procurement plan--1.568 million metric tons for animals for slaughter; 236,000 metric tons for poultry for slaughter; 4.8 billion liters for milk; and 2.85 billion units for eggs--will adequately ensure society's needs for the main types of foodstuffs of animal origin.

The demanding nature of these tasks is accentuated by the fact that animal production can develop, in principle, only on the basis of our own fodder resources, in which--even after the record harvest of last year--we have no surplus. The fodder balance will require a 7 percent reduction in the consumption of concentrated feed compared with the preceding years. In other words, this year we must use 7 percent less grain per one liter of milk and one kilogram of meat produced. This is no small amount. No one should expect the federal subsidies to offset his losses. From the ministry down to agricultural enterprises, managers must realize their responsibility for the long-term and smooth development of animal production on the basis of domestic fodder crops. In animal production today, we are not interested in production growth at any price but in a continuous, reliable fulfillment of planned tasks in accordance with the set goals in feeding our people and with the possibilities of our economy.

In harmony with the development of agricultural production, the availability of raw materials, and the potential of the processing industry, gross production of the food industry will increase 1.2 percent compared with 1983 and deliveries to the market will increase 6.1 percent. There will be, above all, an increase in the deliveries of the products of the dairy and meat industries--deliveries of meat and meat products to the market will increase by 10,000 metric tons; deliveries of poultry by 3,000 metric tons; and deliveries of butter by 8,000 metric tons while the deliveries of fats, sugar, flour, and flour products will stagnate.

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CZECHOSLOVAKIA

EDITORIAL ON BRIGADE KHOZRASCHET 'PRINCIPLES'

AU181837 [Editorial Report] Bratislava PRAVDA in Slovak on 15 March 1985 on page 1 carries a 1,700-word editorial entitled "Approaching Brigade [methods of word] With an Awareness of Their Importance." The editorial is pegged to the publication of the "Principles of the CSSR Government and the Central Trade Union Council for the Development of the Brigade Method of Organizing Labor and Remuneration" by Prague RUDE PRAVO in Czech and Bratislava PRAVDA in Slovak on 14 March (see referent item). The editorial highlights the advantages of the brigade method [word by teams] as confirmed by Soviet and Czechoslovak experiences in testing it and urges party officials and organizations' all-round support for the method's development and expansion. It also notes the need for "changes in the structure of intra-enterprise management" in view of the fact that "so far, working under the old structure, the brigades felt like a foreign element in it."

The editorial also warns against the creation of "glasshouse conditions" for collectives participating in the new method and against the method's "discreditation in the eyes of the working people." It says: "The danger of discreditation of the brigade method must not be underestimated. Not all responsible officials have grasped its importance, its impact on production, and its political and moral influence. Not everyone is expanding its practical application because he understands society's need for it. Some 'implement' the method because it is 'en vogue,' others introduce it simply because they are ordered to do so." A "mindless approach" to the brigade method, the editorial goes on to say, "was manifested, for example, at the recent third national seminar on its development in Brno. On the other hand, the organizers had to control the number of participants in the seminar, on the other, the discussions at times created the impression that the lecturers were speaking a language different from the audience. It was obvious that some participants had utterly different interests than occupying themselves with the brigade method."

Bratislava PRAVDA adds that the "danger of tokenism" in applying the brigade method was already stressed by the 10th CPCZ Central Commission session.

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CZECHOSLOVAKIA

PILOT PLANT NEUTRALIZES RADIOACTIVE WASTE

AU201255 [Editorial Report] Prague RUDE PRAVO in Czech on 18 March 1985 on page 5 carries a 700-word article by Marta Nyulassyova and Eduard Hladky entitled "Safely With Waste." The article deals with the "successful" test operation of a "pilot bituminization plant for neutralizing liquid radioactive waste" in Jaslovske Bohunice.

According to original plans, the article says, the bituminization plant, which is located on the premises of the "liquidated A-1 power plant," (the first nuclear power plant built in Czechoslovakia, which was never put into full operation) and has been completely suspended since 1977 was to start experimenting with "active concentrates" only in May 1985. However, a team of scientists under engineer Eduard Metke has finished all preparatory work prior to this deadline and, meanwhile, the pilot plant has undergone almost 60 hours of "active test operation." In the course of this test operation, it processed more than 3 cubic meters of liquid radioactive concentrate from the V-1 nuclear power plant, which--through bituminization--was reduced in volume 1.6 times. According to RUDE PRAVO, the pilot plant "operated reliably and the bituminization product displayed the expected properties," that is, its radioactivity is now "controllable" so that it can be "temporarily stored on the premises of the power plant without fear." Speaking about other advantages of the bituminization method, RUDE PRAVO goes on to say that it saves investment costs by obviating the need for "further storage containers for liquid products," permits the nuclear power plants' "continuous operation," "markedly reduces the risk of radioactivity reaching the atmosphere," and "establishes prerequisites for a safe transfer of radioactive products to the place of permanent storage."

Within the framework of its "experimental program," RUDE PRAVO says, the pilot plant will process a total of 250 cubic meters of radioactive concentrates from the V-1 nuclear power plant annually. Upon the completion of this "experimental" stage the equipment is to be handed over to the Jaslovske Bohunice Nuclear Power Plants for permanent use.

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CZECHOSLOVAKIA

BRIEFS

USSR AVIATION MINISTER BUGAYEV RECEIVED--Federal Premier Lubomir Strougal today in the Hrzan Palace in Prague received USSR Civil Aviation Minister Boris Bugayev. In the course of the conversation (they) praised the results achieved in extending cooperation in aircraft manufacture. Its growth is borne out by the fact that the Let-Kunovice enterprise has already supplied 500 L-410 aircraft to civilian air routes in the USSR. Apart from topical questions the two representatives also evaluated opportunities concerning the long-term prospects of cooperation in the aviation industry. [Text] [Prague Domestic Service in Czech 1130 GMT 22 Mar 85 LD]

DAILY REPORTS PRC PRIVATE ENTREPRENEURSHIP--Beijing (ZR)--The NEW CHINA NEWS AGENCY has reported that in 1984 there were 9.3 million private enterprises in the PRC, employing more than 13 million persons. According to foreign news agencies, the number of private enterprises in the PRC increased 57.4 percent last year. This trend is to continue at an even more rapid pace this year. The share of private individuals in the total trade turnover amounts to almost 9 percent. More than half of the private individuals sell agricultural and other products, others are active in catering, transportation, trades, small-scale industry, and repairs. [Text] ["Z"-signed article] [Prague RUDE PRAVO in Czech 19 Mar 85 p 7 AU]

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8 April 1985

## GERMAN DEMOCRATIC REPUBLIC

## CREDIT SOUGHT AS REMEDY FOR WEAKNESS IN INDUSTRIAL STRUCTURE

## U.S. Banks Propose Credit

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 13 Feb 85 p 14

[Text] The Bank of America is currently putting together a \$150 million (almost DM 490 million) syndicate credit for the GDR. In addition to the Bank of America, Citibank, the Manufacturers Hanover Corporation and several Japanese banks are participating in the new loan, according to banking circles in Luxembourg. The rate of interest on the loan is expected to be half a percentage point higher than the U.S. prime rate--the interest rate for first-class borrowers. If such an agreement is reached, the interest the GDR will have to pay is going to be quite high. However, it is entirely possible that the interest agreement will be based on the London Libor money rate. In that case, a premium of 7/8th of one percentage point is under consideration. Luxembourg banking circles are puzzled by the GDR's large need of money. They note that the GDR has been investing for quite some time excess funds in the Euro-market. Only late last year, the GDR had obtained a \$400 million credit from 40 banks. The Luxembourg branch of the Deutsche Bank led the consortium. At that time, an interest premium of 1 percentage point above Libor was agreed on.

## Social Policy Deemed Impractical

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 13 Feb 85 p 14

[Text] About one third of the national income growth in 1984, which the GDR Statistical Central Office put at 5.5 percent, was the result of favorable weather conditions and hence larger crops and better milk production. Without these increases, industrial growth would have been hardly more than 3-4 percent. Rather, the disappointing results in agriculture, above all due to agropolitical mistakes, have cut the growth rate in recent years. In 1984, it had just been the other way around. This was the view expressed at the 23rd Conference of the Research Office for All-German Economic and Social Issues in Berlin. The pressure on GDR industry to perform is said to have intensified; for instance, about one third of all large industrial combines are now working in three shifts, but productivity reportedly has continued to remain low. Presumably, the GDR would do everything in the new five-year plan (1986-1990) to make a big investment push to modernize its factories and thus make them more competitive.

It is obvious that the costly policy of hoarding foreign currency via foreign credits, which in 1984 totaled almost \$900 million, is being continued. However, it should be noted that the interest rates for Euro-credits to the GDR and for forfeiting transactions (purchase of claims by Western specialized banks) have slightly dropped in recent times.

The big question remains whether the GDR will be able to eliminate the structural weaknesses of its industry with the help of expensive foreign-currency credits. The conference, chaired by Prof Karl Thalheim, showed again that it is impossible to draw any conclusions from published statistics on the formation and utilization of national income, on foreign trade or the standard of living, primarily because of the lack of any kind of price statistics.

Hungarian researchers called the GDR price stabilization system for basic foods the most expensive and most wasteful social policy. The reported price stabilization subsidies totaled nearly M17 billion in 1980 and are expected to exceed M40 billion in 1985; i.e., a 138 percent increase. The national budget will expand by 10.9 percent in 1985; that is the second largest rate of increase in 10 years.

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GERMAN DEMOCRATIC REPUBLIC

ASSESSMENT OF 35 YEARS OF GROWTH IN AGRICULTURAL SECTOR

East Berlin WIRTSCHAFTSWISSENSCHAFT in German No 10, Oct 84 pp 1471-1491

[Article by Prof Dr Richard Heinrich, lecturer at the Institute for the Political Economy of Socialism of the Academy for Social Sciences with the CC SED: "Thirty-Five Years of Successful Agricultural Development"]

[Text] In the sphere of agriculture, too, 35 years of GDR reflect the successful policy of the SED and the government of the GDR. On the firm foundation of the alliance of the working class with the working farmers, today's class of cooperative farmers, led by the Marxist-Leninist party, far-reaching revolutionary changes were carried out in the agriculture of the GDR, which in 35 years brought about more social progress, education, science, culture and social security into the village than previous social orders in centuries before. In the past 35 years, an enormous process of social transformation has taken place in the agriculture of the GDR--from the scattered commodity production of the individual farmer to efficient socialist large enterprises. Proceeding from the democratic land reform and the development of farmers' mutual aid, through the creation of state farms, stations for the loaning of machinery and later machine-tractor stations, the formation of the first agricultural producer cooperative in 1952 and the fully cooperative merger of all farmers in 1960, to the development of cooperative collaboration between the agricultural producer cooperatives and the state farms of plant and animal production, this process led to the creation of the social prerequisites for the evolution of a modern intensive agriculture, which corresponds to a socialist state with highly-developed, efficient industry and its development.

In consequence of this successful 35-year-long path, a constantly increasing and more efficient production was achieved, the supply of the population with food products and industry with agricultural raw materials was improved and extensively secured. A modern material-technical base was developed in agriculture. The socio-economic structure was fundamentally changed; in it, the class of cooperative farmers occupies an important place. The working and living conditions of the cooperative farmers and workers in agriculture were profoundly changed, they are approximating more and more those of the population in the cities. The intellectual-cultural life in the villages, too, developed as never before.

The successful development of agriculture in the 35-year-old history of the GDR is determined, above all, by two characteristics: By the scientifically-substantiated continuous agricultural policy of the SED and by the industrious, creative work of the cooperative farmers and workers of agriculture. The SED always guides this development with careful regard to the dialectic of the forces and relations of production.

Karl Marx and Friedrich Engels substantiated why in agriculture, too, just like in industry, the large enterprise is objectively necessary, why the farmers, if they want to remain farmers, have to embark upon the cooperative path. In accordance with the fundamental ideas developed by Marx and Engels, which found their concentrated expression in Lenin's cooperative plan, the cooperative-socialist merger of the farmers and cooperation became the foundation of social and economic progress in the countryside.

In the GDR, socialist construction in the countryside took place under historically more developed conditions than in the Soviet Union and other socialist countries. Already under capitalism, the area of the GDR was an industrial country with intensive agriculture, with developed merchandise-money relations in the countryside, too, and a relatively broad professional skill of the farmers. The SED had at its disposal the experience of the CPSU and other fraternal parties. This made things easier for us.

Proceeding from the fundamental ideas and principles of Lenin's cooperative plan as the theoretical foundation of the socialist transformation of agriculture, the SED, in its decisions, always took into account the specific conditions and concrete realities of the GDR. Thus Lenin's cooperative plan was applied creatively in agriculture and at the same time a contribution was made to its productive further development. The visible results of the development of agriculture in the 35-year-long existence of the GDR prove the general validity of Lenin's cooperative plan even in a highly-developed industrial state.

An expression of the creative application of Lenin's cooperative plan can be seen in the principles of the agricultural policy of the SED, listed below, which have proved themselves in all stages of the socialist development in the USSR:

- Corresponding to the fundamental significance of agriculture under socialism, its development was and is always regarded and realized as a concern of the entire society.
- All tasks and steps in connection with the development in agriculture are to be developed and realized jointly with and through the farmers.
- All measures must always have the aim of producing more, better, and more inexpensively.
- All measures must take into account the differentiated conditions, in connection with which all formalism is to be avoided.

--The development is always to be carried out gradually and continuously in agreement with the respective national conditions.

--All development steps are always to be linked with social advances, with the development of the working and living conditions and the cultural level in the countryside.

In the course of 35 years, the socialist relations of production have succeeded and proved themselves in the agriculture of the GDR. In every respect it has proved to be true that a stable socialist society also requires socialist relations of production in the countryside. This is necessary so as to be able to guarantee the supply of the population with food products and industry with agricultural raw materials on a continuous basis and increasingly more from the country's own production, to give the agricultural forces of production the necessary possibilities of development, and to secure the development of the working and living conditions as well as the personality development of the farmers and workers in the countryside in agreement with the overall social progress.

In its agricultural policy, the party of the working class has always let itself be guided by the fact that the state farm and the agricultural producer cooperative are, and will continue to be for a long time, the basic socio-economic forms of socialist agricultural enterprises.

Produced in the democratic land reform, the state farms as centers of the working class in the countryside are an important support for the realization of the agricultural policy of the SED. Together with the machine-loan stations and later the machine tractor stations, they were an important point of departure for the creation of socialist relations of production in the entire agriculture of the GDR. In accordance with the tasks resulting for them in the course of the revolutionary transformation, they have always perceived their political and economic responsibility and developed into modern and efficient agricultural enterprises.

At the time of the establishment of the GDR, the state farms only controlled 2.7 percent of the agricultural area and 1.6 percent of the cattle holdings, 1.2 percent of the cow holdings and 1.3 percent of the hog holdings of agriculture. Today 140 state farms of plant production cultivate 7.1 percent of the agricultural area. In 317 state farms of animal production more than 11 percent of the entire animal holdings of the socialist agriculture are being kept. With basic assets of more than 10 billion marks, which amounts to 16.3 percent of the basic assets of the entire agriculture, they have at their disposal a considerable production potential.<sup>1</sup>

It would be wrong to evaluate the state farms exclusively on the basis of the areas cultivated or the livestock holdings kept by them. This would result in an incorrect picture of their political and economic role in agricultural policy. Their significance and thus their place in the agricultural reproduction process finds expression, above all, in the fact that many state farms are pace-makers in agriculture and solve extensive tasks in connection with the testing and implementation of the most recent findings of science and technology. Through their breeding work they make a great contribution in connection

with the supply of agricultural enterprises with high-quality seeds and seedlings, as well as productive animals. The 22 state farms for the production of seeds and seedlings alone produce 58 percent of the entire prior reproduction seeds. The state farms also continue to have a great responsibility in connection with the formation of a highly-qualified rising generation of professionals for agriculture. With 16,000 apprentices annually, they carry approximately two-thirds of the entire professional training in the agricultural sector.

Together with the state farms, efficient agricultural producer cooperatives of plant and animal production using modern production methods determine the picture of the socialist agriculture of the GDR. For the implementation of the economic strategy of the SED in agriculture, the 4,193 agricultural producer cooperatives or the cooperative institutions for plant and animal production, in which about 566,000 cooperative farmers and 78,000 workers and employees are constantly employed, constitute the decisive force. They cultivate 87.5 percent of the used area, keep 89 percent of the animal holdings and have at their disposal more than 80 percent of the basic assets of primary agricultural production. In so doing, they possess by far the largest part of the natural and economic resources and means that are employed for agricultural production. For this reason they will, in the coming years, too, have to make the greatest contribution to the supply of the population and industry with agricultural products. The cooperative farmers thus bear a great responsibility for the dynamic growth not only of agriculture, but of the entire national economy of the GDR.

The development of the agricultural producer cooperatives and thus the socialist mode of production in agriculture occupies a significant place in the 35-year growth and development of the GDR, for the revolutionary socialist transformation of agriculture in connection with the voluntary gradual transition of the farmers to cooperative-socialist production is a decisive result in this period.

At the beginning of the 1950's, the conditions existed in the GDR to begin with the socialist transformation of agriculture. With the decision of the 2nd SED Party Conference in July 1952 to give full and complete support to the voluntary merger of working farmers and farm hands in producer cooperatives, the stage of the socialist transformation in the countryside began.

The socialist transformation was carried out with the farmers and, above all, through them. Together with the farmers, three basic types of the agricultural producer cooperative were developed. The land contributed for general use remained the property of the individual member. The farmers decided jointly about the form of its cooperative cultivation. With the agricultural producer cooperatives of different types, forms of the organization of cooperative work were created which corresponded to the stage of development of the productive forces and the level of consciousness of the farmers. After the first agricultural producer cooperatives had become consolidated, loyal large farmers, too, were permitted to enter the agricultural producer cooperatives and a socialist development perspective was given to them.



The spring of 1960 became a historic climax of the process of social revolution in the countryside. By this point in time, in the historically short period of only 8 years, the farmers, with the support of the working class and under the leadership of the SED, united their more than 855,000 operations voluntarily into more than 19,000 agricultural producer cooperatives of different type. In so doing the machine-tractor stations and state farms proved themselves as bases of the working class in the countryside. They had a decisive share in the development of the agricultural producer cooperatives and their consolidation during this time.

Since then socialist relations of production exist in the agriculture of the GDR. With the complete cooperative merger of the farmers, the socialist ownership of the means of production in its two forms--the state-socialist and the cooperative-socialist ownership--had become the foundation of agricultural production. The socialist transformation of agriculture, the voluntary merger of the farmers into agricultural producer cooperatives, and the transition to large-scale socialist production were a big step forward with respect to the socialization of ownership of the means of production, production and labor in the agriculture of the GDR.

Several years were still necessary, however, in order to consolidate the socialist relations of production in the countryside through the good cooperative work in the agricultural producer cooperatives and the development of cooperative democracy, as well as through the introduction of socialist business management. The agricultural producer cooperatives developed successfully in this process as the basic units of socialist agricultural production and as socio-economic organization of the class of cooperative farmers.

In the second half of the 1960's, the necessity of creating various cooperative relations among the agricultural producer cooperatives and between the agricultural producer cooperatives and the state farms gradually developed, for through cooperation the differentiated state of the economic development of the agricultural producer cooperatives and the state farms, the different operational size, the different degree of socialization in the agricultural enterprises, and the differentiated degree of consciousness of the cooperative farmers could best be complied with in the further social development in the countryside. At the same time, cooperation became more and more a necessary condition for advancing scientific-technical progress and for carrying out gradually the transition to industry-like production methods connected with it, as well as to attain a more rapid growth of production and labor productivity. Inter-enterprise cooperation proved to be the path which, in agreement with Lenin's cooperative plan, made possible the further socialization on a voluntary basis and thus a gradual development towards higher forms of joint production and work.

In addition to other advantages, this path made it possible to effect the necessary advances in the concentration of production and its specialization and to realize even better the advantages of socialist management.

By the end of the 1970's, significant changes in the production profile and in the socio-economic structure of the agricultural enterprises in the GDR took place through cooperation. Specialization led to the formation of

legally autonomous agricultural producer cooperatives and state farms for plant or animal production. In particular the agricultural producer cooperatives developed through cooperation into efficient large-scale socialist enterprises. In so doing, the agricultural producer cooperatives, state farms and their cooperative institutions have reached dimensions which give broad scope in the long run to the intensive use of the agricultural forces of production.

In 1960--after completion of the socialist transformation--the agricultural producer cooperatives of Type III, in which plant and animal production was pursued, had on the average for the GDR 543 hectares of used area under cultivation. In them, an average of 112 cooperative farmers were merged, who had approximately 4 million marks in basic assets at their disposal and with those assets produced a gross output of about 3.5 million marks.

Today a production cooperation group, in which, as a rule, an agricultural producer cooperative or a state farm for plant production cooperates with two to three agricultural producer cooperatives, state farms or inter-enterprise institutions for animal production, produces a gross output of 30 million marks. On the average about 590 cooperative farmers and workers, with holdings of close to 50 million marks in basic assets, have a share in this.<sup>2</sup> In about one-fourth of all production cooperation groups a state farm is represented. Here a collaboration of cooperative farmers and workers takes place on the basis of cooperative and national ownership. "Cooperation in our country," the 12th Farmers' Congress of the GDR declared in its decision, "is an objectively requirement for the further consolidation of the socialist relations of production and at the same time a source of power for intensification."<sup>3</sup>

Given the degree of division of labor attained at the present time, the intensification of cooperation between the agricultural producer cooperatives and state farms specializing in plant or animal production, as well as between them and institutions of the intermediate input spheres in agriculture, the agro-chemical centers, Kreis enterprises for agriculture, land improvement cooperatives, construction organizations and others, is an indispensable prerequisite for the securing of the agricultural reproduction process. Through cooperative production it is possible to govern the cycle of matter, i.e., soil--useful plant--useful animal--soil, with increased fruitfulness and the various interrelations in the uniform reproduction process between the enterprises and institutions in such a way that a break in this cyclical process does not occur and it can be shaped more and more efficiently, without the individual agricultural producer cooperatives, state farms or inter-enterprise institutions for plant and animal production in a territory becoming amalgamated into an excessively large enterprise.

Decisive for the success of cooperative production as the characteristic feature of socialist agricultural policy in the GDR is the deep understanding of all participants that only through them the advantages of division-of-labor-based production, the attained concentration and specialization can be fully utilized. The joint social and economic interest of all participating agricultural producer cooperatives and state farms in the effective shaping of the uniform reproduction process and the close collaboration necessary for this do not develop spontaneously from the division of labor. Rather they must be formed in the process of collaboration through the work of the cooperative

Table 1. The Development of the Socio-Economic Structure of Agriculture in the GDR

(1) Jahr	(2) Zahl der Betriebe	(3) durchschnittliche landwirtschaftliche Nutzfläche je Betrieb (ha)
1950	855 624 Einzelbäuerliche Betriebe (4)	7
	599 Volkseigene Güter (5)	317
1960	20 280 LPG, GPG und VEG (6)	
	darunter: (7)	
	6 337 LPG Typ III (8)	534
	12 976 LPG Typ I und II (9)	156
	669 VEG (10)	592
1970	10 474 LPG, GPG, VEG, ZGE der landwirtschaftlichen Produktion (11)	
	darunter: (7)	
	5 524 LPG Typ III (8)	819
	3 485 LPG Typ I und II (9)	249
	511 VEG (10)	866
1983	Bereich Pflanzenproduktion (12)	
	1 499 LPG, GPG, VEG, ZBE, KAP (13)	
	davon: (14)	
	1 131 LPG Pflanzenproduktion (15)	4678
	74 VEG Pflanzenproduktion (16)	5174
	17 KAP und ZBE Pflanzenproduktion (17)	4160
	68 VEG Saatzeit, Garten-, Obstbau und Baumschulen (18)	
	209 GPG (19)	
	Bereich Tierproduktion (20)	
	3 395 LPG, VEG, VEB, ZBE/ZGE (21)	
	davon: (14)	
	2 807 LPG Tierproduktion (22)	1550 <sup>a)</sup>
	235 ZBE/ZGE Tierproduktion (23)	1438 <sup>a)</sup>
	319 VEG Tierproduktion (24)	2183 <sup>a)</sup>
	34 VEB des Kombinati Industrielle Tierproduktion (25)	
	a) Durchschnittlicher Bestand an Großvieheinheiten je Betrieb. (26)	

Source: "Statistisches Jahrbuch der DDR 1983" [Statistical Yearbook of the GDR 1983], Staatsverlag der DDR, Berlin, 1983, p 179; "Statistisches Taschenbuch der DDR 1984" [Statistical Pocketbook of the GDR 1984], Staatsverlag der DDR, Berlin, 1984, p 68; "Materials of the Ministry for Agriculture, Forestry and Foodstuffs; [author's] own calculations.

Key:

- |   |  |
|---|--|
| 1. Year   | 4. Individual farm enterprises   |
| 2. Number of Enterprises                                    | 5. State farms   |
| 3. Average Agricultural Used Area Per Enterprise (Hectares) | 6. Agricultural producer cooperatives, horticultural producer cooperatives and state farms |

7. Among them
8. Agricultural producer cooperatives Type III
9. Agricultural producer cooperatives Type I and II
10. State farms
11. Agricultural producer cooperatives, horticultural producer cooperatives, state farms and intercooperative facilities of agricultural production
12. Sphere of plant production
13. Agricultural producer cooperatives, horticultural producer cooperatives, state farms, interplant facilities, cooperative crop production departments
14. Of these
15. Agricultural producer cooperatives of plant production
16. State farms of plant production
17. Cooperative crop production departments and inter-plant facilities for plant production
18. State farm for seed cultivation, horticulture, fruit growing and nurseries
19. Horticultural producer cooperatives
20. Sphere of animal production
21. Agricultural producer cooperatives, state farms, VEB [state enterprises], interplant facilities/intercooperative facilities
22. Agricultural producer cooperatives of animal production
23. Interplant facilities/intercooperative facilities of animal production
24. State farm of animal production
25. VEB of the Combine for Industrial Animal Production
26. Average inventory of large animal units per enterprise

councils and the enterprise managements.

In the cooperation council for plant and animal production, the cooperative farmers and workers found appropriate democratic organs for the coordination and formation of the cooperative collaboration between their enterprises being managed on their own responsibility. With the gradual acceptance of the function of a farm-managing organ, the 1,170 cooperative councils received a key role for the further intensification of cooperation. Their responsibility, rights and duties are being correspondingly developed, without restricting the autonomy of the agricultural producer cooperatives and the state farms. "The goal is to manage, to plan and to settle accounts for the production cooperation groups better and better as a complete economic organ and in this sense to further develop the common economic interests. The activity of the cooperation council is intended to contribute decisively to the promotion of balanced proportions between plant and animal production and to secure the internal production of feeds in the territory of the production cooperation group."<sup>4</sup>

In the economic sphere great progress was made. In the past years, the cooperative farmers and workers of agriculture increased plant and animal production as never before. The yield per hectare in the case of grain, the most important agricultural crop, increased--taking a 5-year average of 21.6 dt (1 dt [deciton] = 100 kg) per hectare during 1949-53--to 37.8 dt per hectare during 1979-83. That is an increase to 175 percent. In 1982, with 39.8 dt per hectare, the highest grain yield in the history of the GDR was attained. In the case of wheat likewise, the highest yield of this important crop was attained with 47.1 dt per hectare. If in 1949 a total grain harvest of

4,878,000 tons was brought in, the figure for 1983 was 10,067,000 tons. That is the highest total grain yield that has thus far been attained on the territory of the GDR. The total net yield, in other words, was more than twice as great as at the time of the founding of the GDR. In the case of winter oil seeds, the 5-year averages developed during the same period from 10.3 dt per hectare to 22.4 dt per hectare. This is an increase to 217 percent.

Very successful was the yield development also in the case of fodder plants and the yields of meadows and pastures, the most important feed basis for cattle and sheep. Thus the yields in the case of field fodder increased from 219 dt per hectare (1958/1962) to 380 dt per hectare (1978/1983), hence to 173 percent in 25 years. The yields in the case of meadows and pastures developed from 175 dt per hectare (1955/60) to 290 dt per hectare (1978/83). Here an increase to 166 percent was attained. In the case of fodder root crops the yields were increased from 364 dt per hectare to 496 dt per hectare during the same period of time. Yields increased here to 136 percent within the past 28 years. In the case of potatoes and sugar beets the yields per hectare increased to 123 and 110 percent respectively during the time from 1949 to 1983. A result that cannot yet satisfy.

If the entire plant production is combined in the indicators grain unit (GE) and evaluated, the attained gross turnover of 24.9 dt/GE, based on 1 hectare of used area, in 1950 increased to 42.4 dt/GE in 1983. This corresponds to an increase of the entire plant production to 170 percent. If we relate this result to the 35 years of development of the GDR, this represents an annual increase of the yields in plant production by 2 percent.

The attained achievements and results in animal production are likewise very significant. An animal inventory was created, such as was inconceivable on the basis of the individual farming economy of the 1950's (Cf Table 2).

Table 2. Development of the Livestock Inventory and Rate of Stocking (Position at End of Year)

	(1) Viehbestand (Anzahl der Tiere in 1 000 Stück)			(2) Viehbesatz je 100 ha landwirtschaftliche Nutzfläche		
	1938	1949	1983	1938	1949	1983
(3) Rinder	3 653	3 316,9	5 767,6	54,9	51,9	92,3
(4) Schweine	5 707	4 322,1	13 057,5	85,7	67,6	208,9
(5) Schafe	1 763	901,4	2 359,1	26,5	14,1	37,7
(6) Leghennen	11.003	6 788,0	25 866,0	165,3	106,2	413,8

Source: "Statistisches Taschenbuch der DDR 1984", ibid., p 76.

Key:

- |  |                |
|--|----------------|
| 1. Livestock Inventory (Number of Animals in 1,000 Units)      | 3. Cattle      |
| 2. Rate of Stocking Per 100 Hectares of Agricultural Used Area | 4. Hogs        |
|  | 5. Sheep       |
|  | 6. Laying hens |

In order to recognize the full magnitude of the achievements standing behind this development of the animal inventories, it must be taken into account that, in comparison to the year 1938, after the end of the war during the years 1945/46 in the case of hogs 14.1 percent, in the case of sheep 18.1 percent, and in the case of cattle 38.7 percent of the inventories remained on the territory of today's GDR.<sup>5</sup>

On the basis of the vigorously developed inventories and high animal outputs the achievements shown in Tables 3 and 4 could be attained.

Table 3. Production of Animal Products

	1949	1983	$\frac{1983}{1949}$ (1) (Prozent)
(2) Schlachtvieh Lebendmasse (1000 Tonnen)	349	2444	700,3
(3) Kuhmilch (3,5 Prozent Fettgehalt) insgesamt (1000 Tonnen)	2629	8203	312,0
(4) je Kuh (kg)	1782	3918	219,8
(5) Hühnereier insgesamt (Mio. Stück)	878	5850	666,2
(6) je Henne (Stück)	86	218	253,5
(7) Schafwolle gewaschen	1437 <sup>a</sup>	5887	409,7
a) 1950			

Source: "Statistisches Taschenbuch der DDR 1984", ibid., p 78.

Key:

- |   |                               |
|---|-------------------------------|
| 1. Percent  | 4. Per cow (kg)               |
| 2. Fat stock live weight (1,000 tons)                           | 5. Eggs total (million units) |
| 3. Cow milk (3.5 percent butter fat content) total (1,000 tons) | 6. Per hen (unit)             |
|   | 7. Sheep's wool (washed)      |

Table 4. Development of Productivity in Hog Production (Annual Average)

	$\frac{1975}{1971}$	$\frac{1980}{1976}$	$\frac{1983}{1981}$
(1) Verwertbare Schweine je produktive Sau	14,5	16,0	17,7
(2) Lebendviehproduktion je Schwein des Durchschnittsbestandes (kg)	122,7	124,7	126,4

Source: N. Baum, "35 Years of GDR--Successful Development of Animal Breeding in Cattle, Hog and Sheep Production," TIERZUCHT, No 7, 1984, p 291.

Key:

- |                                   |  |
|-----------------------------------|--|
| 1. Usable hogs per productive sow | 2. Live animal production per hog of<br>the average inventory (kg) |
|-----------------------------------|--|

The production of animals ready for slaughtering was increased 7-fold, of eggs --6.7-fold, and of sheep's wool--4-fold. In the period of time depicted, milk production per cow doubled, and the output per hen was increased 2.5-fold. If these achievements are combined and evaluated on the basis of grain units per hectare of agricultural used area, the gross turnover in animal production in the period from 1950 to 1980 increased from 11.8 dt/GE to 38.6 dt/GE. That is an increase to 327 percent. An achievement which even internationally is of significance.

The agriculture of the GDR, because of the changed internal and external conditions of reproduction, is confronted with demanding and at the same time complicated tasks. The 10th SED Party Congress aimed at covering the growing demand of the national economy for food supplies and agricultural raw materials essentially from domestic production with simultaneously perceptible improvement of the ratio of expenditure to yield. The process of intensification in agriculture is not only to be further deepened, but is also to lead to a new quality. This new quality expresses itself in the gradual transition to the resource-saving type of intensively expanded reproduction. It encompasses a continuous growth of agricultural production in the presence of simultaneous decrease of the specific consumption of all production resources. At issue is the attainment of high and stable rates of increase in particular in plant production and increasing outputs per animal through a high material and in particular feed economy, as well as economy of energy and basic assets. This becomes at the same time the decisive source of the necessary growth of labor productivity and the increase of the contribution of agriculture to the national income, in the presence of a relatively constant human capital.

The cooperative farmers and workers in agriculture have understood the political significance of this orientation and have achieved the first successes in its realization. Thus the gross output of agriculture increased on the average for the years 1981 to 1983 by 7 percent in comparison to the average for the years 1976 to 1978. In the period from 1981 to 1983 a more rapid growth of plant production as compared to animal production could be secured. The proportion of animal production, which is based on internal feed supply, was increased from 75.6 to 81.2 percent. With that an important step was taken in the supply of the animal holdings with feeds from internal production. In so doing, the production use was lowered by 1.6 percent.<sup>6</sup> All together this development led to the fact that the net product of agriculture in these 3 years increased by 8.8 percent compared to the period of time used for comparison. To meet the demand of the national economy for agricultural products and raw materials, a gross yield of an average of 48 to 50 grain units per hectare of agricultural used area is to be attained.<sup>7</sup> Such a yield magnitude secures the necessary feed output from internal production for the planned animal outputs and the reproduction of the animal inventories.

The growth of agricultural production was the decisive prerequisite for the fact that in the case of high-quality foodstuffs the per capita consumption on the average per inhabitant could grow rapidly and an internationally considerable high level was achieved.<sup>8</sup> The per capita consumption of meat in Germany in 1936 came to 46.8 kg. As a result of the enormous animal losses on the territory of the GDR it decreased very strongly and in 1950 came to 22.1 kg. In



1983 a per capita consumption of 92.1 kg was attained. It is therefore almost twice as high as that of 1936 in Germany and four times as high as at the time the GDR was founded. It increased from 1970 with 66.1 kg to 92.1 kg in 1983 by 23 kg per capita of the population. These and other achievements of agriculture in the 35-year history of the GDR not listed here have contributed to the growing prosperity of the population. Its achievements find universal recognition among the citizens and internationally, too, are being increasingly noticed.

As a result of the agricultural policy aimed at a progressive intensification and mechanization of agricultural operations, a significant development of the technical base was achieved in the agriculture of the GDR since the construction of the machine rental stations. At the time of the foundation of the GDR, the main bulk of the draft work in agriculture was still done by draught-animals. In 1949 about 548,000 horses, 113,000 draught-oxen, and 198,000 draught-cows were used as natural pulling power for agricultural implements and machines.<sup>9</sup> This came to 8.6 horses, 1.8 draught-oxen, and 3.1 draught-cows per 100 hectares of agricultural used area. In 1950 there were 36,400 tractors of the most diverse construction and capacity. Of these 10,834 were among the inventory of the machine rental stations. Beyond this, the machine rental stations had at their disposal 675 trucks, 4,957 grain binders, 7,072 threshing machines and other agricultural machinery and implements. Of the tractors, those which had been taken over from the machinery parks of the Association for Mutual Farmers' Aid were, to a large extent, highly obsolete and in need of repair. 1,000 tractors, including 500 track-type tractors, as well as 540 trucks came from Soviet post-war production. They were supplied in April 1949 by the Soviet Union at the request of the SED. Additional tractors came from the GDR's own production, which got underway in 1948/49. Here, with the position of 15 October 1949, the following development had been achieved:

<u>Enterprise</u>	<u>Type of Tractor</u>	<u>Hp</u>	<u>Number of Units</u>
IFA Schlepperwerk Nordhausen [Industrial Association for Motor Vehicle Construction Tractor Plant Nordhausen]	Brockenhexe	22	64
VEB Brandenburger Traktorenwerke [VEB Brandenburg Tractor Plant]	Aktivist		126
IFA Horchwerke Zwickau [Industrial Association for Motor Vehicle Construction Horch Plant Zwickau]	Pionier		61

The tractors of the machine rental stations were used for plowing work to the extent of 64.5 percent, for transports--to the extent of 28 percent, and for the propulsion of grain binders and threshing machines--to the extent of 7.5 percent. Manual labor was dominant in the execution of all work operations.

In the subsequent 35 years, significant quantitative and qualitative changes in the inventory of the machines and equipment of agriculture. On the basis of the alliance of the working class with the working farmers, the SED always gave a great deal of attention to the development of the technical base and the provision of appropriate agricultural engineering means through industry for agriculture.



In the 1950's it was individual machines, for the most part still traditionally laid out and relatively simple, that were used in the agriculture of the GDR. In the first half of the 1960's the individual machines became more efficient, possessed a higher scientific-technical level, and were increasingly synchronized in terms of their performance parameters. In accordance with the demands of the 8th German Farmers' Congress, the conceptualization and development of machine systems for work on the assembly line in plant and animal production began in the mid-1960's. Through the transition to industrial-type production methods in the 1970's, the necessity of proceeding to comprehensive mechanization ensued more and more compellingly. Machine systems had to be provided for technologically-related portions of work and production processes, first of all for the main crops of plant production. They formed the basis for the comprehensive mechanization in the individual production segments. Their massive use in plant production made great demands on the output of agricultural machine construction, both with respect to the number of needed machines and equipment for a machine system and their capacity and energy equipment.

In the course of this development, the animal draft power in particular, which was still dominant at the time of the founding of the GDR, had to be gradually replaced by the provision of new, more efficient tractors, as well as other draft and propulsion power.

Table 5. Development of the Inventory of Tractors, Trucks, and Combines in GDR Agriculture from 1950 to 1983 (in 1,000 Units)

(1) Jahr	(2) Traktoren	(3) LKW	(4) Mähdrescher
1950	36,4	0,7	
1960	70,6	9,3	6,4
1970	148,9	72,2	17,9
1983	153,4	53,6	15,2

Source: "Statistisches Taschenbuch der DDR 1984", *ibid.*, p 71; data of the Ministry for Agriculture, Forestry and Foodstuffs.

Key:

- |             |             |
|-------------|-------------|
| 1. Year     | 3. Trucks   |
| 2. Tractors | 4. Combines |

Table 6. Development of the Mobile Energy Base in the Socialist Agriculture of the GDR, 1950-1980

	1950	1960	1970	1980
(1) Ausstattung mit mobiler Energie (KW/100 ha LN) insgesamt	12	39	123	222
(2) darunter				
(3) Ausstattung mit Traktoren (KW/100 ha LN)	11	29	81	115
(4) Ausstattung mit mobiler Energie (KW/Berufstätige)	0,4	2,3	8,2	16,9

Source: INTERNATIONALE ZEITSCHRIFT DER LANDWIRTSCHAFT, No 2, 1982, p 183.

Key:

1. Equipment with mobile energy (Kilowatts per 100 hectares of agricultural area) total
2. Among them
3. Equipment with tractors (Kilowatts per 100 hectares of agricultural area)
4. Equipment with mobile energy (Kilowatts per employees)

The progress of the forces of production in GDR agriculture in the past 35 years is evidenced not only by the growth of the machine inventory, but also by the higher scientific-technical level of the machines and implements, the increase in the capacity as well as the improvement of the structure of the inventory. Thus, in the case of tractors not only an increase of the inventory occurred, but also to an increasing degree an expanded reproduction in favor of medium and heavy classes. The number of tractors of medium tractive power (14 kN [kilonewtons]) increased from 20,557 in 1960 to 60,129 in 1982, the number of heavy tractors (20 kN tractive power and higher) increased during the same period from about 6,624 to 51,131.<sup>10</sup> This development led to the fact that the performance potential embodied in the tractor inventory grew more rapidly than the tractor inventory itself.

The development of the inventory of grain and root crops harvesting machines is characterized by an analogous phenomenon.

In the two decades since the completion of the voluntary merger of the farm operations in agricultural producer cooperatives to 1980 alone, the energy production capacity embodied by the tractor inventory has almost quadrupled.

The tractor-pulled harvesting technology has been more and more replaced by a self-propelled harvesting technology. In transportation technology has proceeded more and more from the tractor to truck transportation technology. The inventory of trucks and their average output capacity have steadily increased. The entire energy potential in plant production increased from about 39 kilowatts per 100 hectares agricultural area in 1960 to 222 kilowatts per 100 hectares of agricultural area in 1980. In so doing, the state of mechanization in plant production portrayed in Table 7 was attained.

Table 7. State of Mechanization (Percentage of the Total Volume of the Respective Work Process)

(1) <i>Arbeitsprozeß</i>	1949	1950	1952
(2) <i>Pflügen mit Traktoren</i>	11.9	15.3	36.0
(3) <i>Drillen mit Traktorenzug</i>	0.1	0.4	2.0
(4) <i>Halmfruchternte mit Mähbinder und Traktoren</i>	9.9	14.7	38.0
(5) <i>Kartoffelroden mit Traktorenzug</i>	0.2	0.3	2.0
(6) <i>Rübenroden mit Traktorenzug</i>	1.5	0.7	2.0

Key:

1. Work Process
2. Plows with tractors
3. Tractor-pulled drills
4. Cereal-harvest with reaper and binders and tractors
5. Tractor-pulled potatoe diggers
6. Tractor-pulled beet lifters

Table 7. State of Mechanization (Percentage of the Total Volume of the Respective Work Process), continued

	1970	1975	1980
(1) <i>Bodenbearbeitung gesamt:</i>	100	100	100
(2) <i>davon: K 700, K 700A, T 150K</i>	8	24	57
(3) <i>Getreideernte mit Mähdrescher gesamt:</i>	99	100	100
(4) <i>davon: E 512</i>	53	100	93
<i>E 516</i>	-	-	7
(5) <i>Futterernte gesamt:</i>	100	100	100
(6) <i>davon: Traktoren gezogen</i>	100	29	6
(7) <i>selbstfahrende Schwadmäher E 301</i>	-	71	94
(8) <i>Exakthäcksler E 280/281</i>	-	-	-
(9) <i>Kartoffelernte mit Rodelader gesamt:</i>	77	93	96
(10) <i>davon: Zweireihig</i>	77	93	65
(11) <i>Dreireihig</i>	-	-	31
(12) <i>Zuckerrübenblatternte: gesamt</i>	100	100	100
(13) <i>davon: Traktorengezogene Köpfer</i>	100	91	34
<i>(dreireihig)</i>	-	-	-
(14) <i>selbstfahrende Köpfer</i>	-	9	66
(15) <i>(sechstreihig)</i>	-	-	-
(16) <i>Rübenkörperernte gesamt</i>	100	100	100
(17) <i>davon: Traktorengezogene Roder</i>	100	67	11
<i>(dreireihig)</i>	-	-	-
(18) <i>selbstfahrende Roder</i>	-	33	89

Source: INTERNATIONALE ZEITSCHRIFT DER LANDWIRTSCHAFT, No 2, 1982, p 183.

Key:

- |                                      |                                     |
|--------------------------------------|-------------------------------------|
| 1. Soil cultivation total:           | 10. Of this: In two rows            |
| 2. Of this: K 700, K 700A, T 150K    | 11. In three rows                   |
| 3. Grain harvest with combine total: | 12. Sugar-beet leaf harvest: Total  |
| 4. Of this: E 512                    | 13. Of this: Tractor-pulled top-    |
| E 516                                | pers (in three rows)                |
| 5. Fodder harvest total:             | 14. Self-propelled toppers          |
| 6. Of this: Tractor-pulled           | 15. (in six rows)                   |
| 7. Self-propelled Swath              | 16. Root body harvest total         |
| Forming Mower E 301                  | 17. Of this: Tractor-pulled diggers |
| 8. Precision Straw Chop-             | (in three rows)                     |
| per E280/281                         | 18. Self-propelled diggers          |
| 9. Potatoe harvest with digger-      |                                     |
| loader total:                        |                                     |

Through this and further developments in plant production, the tools and simple machines moved through human and animal power were gradually replaced by more efficient agricultural machines of a new generation. In so doing, special attention was directed to the development of machine systems for grain, potatoes, sugar-beets, and fodder, as well as their efficient energy equipment. With the available machine systems for these main crops, important segments of plant production could be fully mechanized. These and other machine systems, however, also still include machines of smaller output capacity, or during their

a supplementing expenditure of manual labor is still necessary. Moreover, the prevailing equipment of all plant production enterprises with machine systems for all work segments has not been attained. In plant production, partly-automated, mechanical and simply mechanized production, combined with manual work processes, will exist side by side for a considerable period of time. The use of machine systems on the basis of scientifically developed technologies is the expression and essential element of a new, higher stage of the development of the social forces of production, in particular the work materials, the technology, as well as the social organization of production.

In technology, too, a solid material-technical base was developed. In 35 years of development of the GDR, the level of the material technical forces of production was developed as never before in this important sector of agriculture. In particular after the 8th SED Party Congress, considerable changes took place in the material-technical base of public animal production. Through access to new stable places, in particular after 1977 through the intensive forms of the reproduction of basic assets, rationalization and reconstruction, with the simultaneous elimination of the oldest stables, a rejuvenation of the building material and an increased use of mechanized processes in milking, feeding and manure removal.

It proved possible to substantially reduce the proportion of animal places in old buildings, constructed before 1950. Differentiated according to animal types and production levels, the proportion of animal places in such buildings in cattle and hog raising only amounts to 14 to 27 percent (cf Table 8). With the exception of calves and fattening cattle, already more than 80 percent of the animal places in these sectors of animal production are located in stables and stable facilities that were built after 1951.

In connection with the technological concentration of the animal inventories, too, a remarkable development took place. Only a mere 8 percent of the animal places for milk cows and 7 percent of those for the sows kept for breeding are located in stables with a small concentration. Great advances were made in connection with the mechanization of important work processes. The inventory of machines and equipment registered a strong increase, their scientific-technical level and their output capacity were increased. The heavy physical labor in the stable facilities had to be mechanized in order to bring about a decisive improvement in the working and living conditions of the cooperative farmers working there and in order to increase labor productivity.

Because most of the manpower in animal production is employed in the keeping of dairy cattle and there again the largest part of the work capacity is used in the milking process, this was a focal point of mechanization. Already at the beginning of the 1970's, full mechanization was essentially attained--even if at different levels (cf Table 9). Further priority tasks of mechanization of work processes related and still relate to fodder processing and feeding of animals, as well as to manure removal and waste removal of the animal inventories (cf Table 10). Here, too, it was possible to attain distance advances. The proportion of animal places, which are managed with pure manual labor expenditure, has considerably decreased through various rationalization measures. It was possible to further reduce the heavy physical labor during feeding and

Table 8. Proportion of Animal Places in Buildings With Small Concentration and in Old Buildings 1981 (Percent)

(1) Tierart bzw. Produktionsstufe	(2) Tierplätze je Gebäude	(3) Anteil Tierplätze in diesen Gebäuden	(4) Anteil Tierplätze Baujahr vor 1950
(5) Kühe	50	8	19
(6) Kälber	100	30	27
(7) weibliche Jungrinder	100	24	19
(8) Mastrinder	100	29	27
(9) Zuchtsauen	30	7	14
(10) Jungschweine und			
(11) Läufer	200	12	18
(12) Mastschweine	200	11	15

Source: TIERZUCHT, No 5, 1984, p 234.

Key:

- |   |                           |
|---|---------------------------|
| 1. Type of Animal or Production Level             | 6. Calves                 |
| 2. Animal Places Per Building                     | 7. Young female cattle    |
| 3. Proportion of Animal Places in These Buildings | 8. Fattened cattle        |
| 4. Proportion of Animal Places Built Before 1950  | 9. Sows kept for breeding |
| 5. Cows   | 10. Young pigs and        |
|   | 11. Suckling-pigs         |
|   | 12. Fattened hog          |

Table 9. Development of the Inventory of Selected Machines and Equipment in Animal Production of the GDR from 1970 to 1980 (Units)

(1) Bezeichnung	1970	1975	1980
(2) Rohr- und Kannenmelkanlagen	22 143	25 495	20 073
(3) Karussell- und Fischgrätenmelkstände	1 385	2 032	2 715
(4) Stalltraktoren	10 271	10 669	14 547
(5) Futtermittelwagen für Rinderproduktion	1 928	2 841	5 872
(7) Futtermittelwagen für Schweineproduktion	163	800	1 557

Source: INTERNATIONALE ZEITSCHRIFT DER LANDWIRTSCHAFT, No 2, 1982, p 184.

Key:

- |   |                                |
|---|--------------------------------|
| 1. Designation                          | 5. Feed distributing wagon for |
| 2. Pipe and can milking installations   | 6. Cattle production           |
| 3. Carrousel and fishbone milking sheds | 7. Feed distribution wagon for |
| 4. Stable tractors                      | 8. Hog production              |

and manure removal. It was accomplished that only about one-third of all the hands employed in cattle raising and about one-half of those employed in hog raising still have to do such work.

The developments in inventory concentration as well as in mechanization at the same time created favorable conditions for the improvement of production and work organization and the increase of the degree of equipment with social and sanitary installations. In animal production, too, it was possible for the working and living conditions to be further improved.

Table 10. State of the Mechanization of Work Processes in Animal Production in the Agriculture of the GDR (Proportions Related to Number of Animal Places)

(1) Tierart und Arbeitsprozeß	1955	1960	1970	1981
(2) Kühe	5	25	96	99
(3) - Melken		10	45	74
(4) - Futterverteilung		8	48	85
(5) - Entmistung				
(6) Mastrinder			30	57
(4) - Futterverteilung			32	71
(5) - Entmistung				
(7) Zuchtsauen			17	30
(4) - Futterverteilung			20	46
(5) - Entmistung				
(8) Mast Schweine		10	33	55
(4) - Futterverteilung			37	60
(5) - Entmistung				

Source: DEUTSCHE AGRARTECHNIK, No 10, 1969, pp 455 ff.; INTERNATIONALE ZEITSCHRIFT DER LANDWIRTSCHAFT, No 2, 1982, p 184; TIERZUCHT, No 5, 1984, p 234.

Key:

- |                                    |                           |
|------------------------------------|---------------------------|
| 1. Type of Animal and Work Process | 6. Fattened cattle        |
| 2. Cows                            | 7. Sows kept for breeding |
| 3. --Milking                       | 8. Fattened hogs          |
| 4. --Feed distribution             |                           |
| 5. --Manure removal                |                           |

The 10th SED Party Congress set as a point of emphasis the task: "To perfect the mechanization of all agrobiological, agrotechnical and agrochemical production processes systematically. This requires, on the one hand, complex, highly-developed machine systems for the decisive processes in field and stable, during transportation and storage. On the other hand, gaps in the mechanization must be closed, especially where they endanger the observance of agrotechnical deadlines or entail heavy physical work."<sup>11</sup>

In the past years, comprehensive land improvement measures have been carried out--thanks to the generous assistance of the socialist state. In 1983 it was possible to irrigate 930,000 hectares of agricultural area. That is one-fourth of the areas in the GDR in need of irrigation. Irrigation installations (ditches and draining ditches) exist for 1,615,000 hectares. With them about three-fourths of all the needy areas can be drained.

The strong rise of production and animal inventories and the modern expansion of agriculture were realized with a simultaneous reduction in the number of employees in agriculture by more than one-half. The equipment with basic assets per employee in agriculture has increased by a factor of more than 6 in terms of value between 1955 and 1980.

In 1955 it amounted to only one-third of the equipment of an industrial worker. In 1980 it already reached more than 70 percent in this ratio. Compared with the equipment with basic assets on the average for all employees of the national economy, the equipment with basic assets per employee in agriculture increased during the same time period (1955 to 1980) from 49 to 92 percent. The main part of the vigorously developed basic assets is accounted for by buildings, including for land improvement installations, warehouse keeping and preservation, which serve the stabilization of yields and the avoidance of losses. The land improvement funds alone encompass about 16 percent of the basic assets of agriculture.

The increasing equipment of the cooperative farmers and workers in GDR agriculture with objectified labor in the form of modern work materials is a quantitative expression of the increasing mechanization of agricultural production. This higher equipment with objectified labor and the organization of production in a new way were at the same time combined with a greater production efficiency of living labor. Thus it was possible to considerably decrease the expenditure of living labor in plant production (cf Table 11).

Table 11. Development of Labor Time Expenditure in Manpower Hours Per Deciton for the Most Important Crops

(1) Fruchtart	(2) 50er Jahre	(3) 60er Jahre	(4) 70er Jahre	(5) 80er Jahre
(6) Getreide	6...7	2...3	0.25...0.35	0.20...0.25
(7) Kartoffeln	2.6	1.1	0.5	
(8) Zuckerrüben	2.3	1.1	0.35	

Source: "Zahlen und Faktenmaterial der Agra zum Thema '30 Jahre DDR'" [Figures and Factual Material of Agra [not further identified] on the Subject of "30 Years GDR"], as well as NEUES DEUTSCHLAND, 21/22 January 1984, p 2.

Key:

- |                 |                |
|-----------------|----------------|
| 1. Type of Crop | 5. 1980's      |
| 2. 1950's       | 6. Grain       |
| 3. 1960's       | 7. Potatoes    |
| 4. 1970's       | 8. Sugar-beets |

Good results were also attained in the production of animal products. It was possible for the labor time expenditure per deciton of meat or milk or unit of eggs to be decreased in 1980 in comparison to the period 1960/65 in the case



of eggs to about 25 percent, i.e., to one-fourth, in the case of hogs ready for slaughtering--to about 65 percent, i.e., by one-third. In the case of milk, only about 56 percent of the time were required. That is a reduction of almost one-half. During a period of not even 25 years considerable savings of labor time were achieved in this sphere as well. At the 12th GDR Farmers' Congress, Erich Honecker was able to state: "Today the cooperative farmers, with constantly more intense application of industrial-type methods in plant and animal production, are working with high productivity."<sup>12</sup>

The working capital employed in the agricultural reproduction process--the existing technical equipment alone encompasses more than 24 million marks in terms of value--have reached a level at which the increase of its economic efficiency has, above all, become a question of constantly better capacity utilization, longer service life, and its structural perfection. On the basis of the attained state of development, the further formation of the technical base in the 1980's and beyond can be carried out in an increasingly asset-saving manner. In so doing, the acceleration and the comprehensive utilization of scientific-technical progress receives paramount significance.

More than three decades of development in the GDR have shown that cooperative ownership under socialism--like national ownership and together with it--promotes the development of the forces of production for the benefit of the farmers and all citizens of the GDR. In so doing it has, as socialist form of ownership, its essential basis of existence in the predominance and effectiveness of national ownership. It has proved to be true: Cooperative ownership is, like national ownership, a basic form of socialist ownership of the means of production. Like the latter, it is in terms of its essence social ownership, in terms of its form--joint ownership of working collectives. It is not a transitional form to national ownership under socialism, but beside national ownership an autonomous, permanent form of socialist ownership of the means of production. With its degree of maturity today and thanks to cooperation, cooperative ownership offers the material forces of production broad scope for development. It proves capable of bringing about the most extensive development, through the further expansion of cooperative labor and on the basis of the accumulation power of the agricultural producer cooperatives, of the advantages of large-scale socialist production in agriculture, with its extensive possibilities for the full exhaustion of the knowledge of modern science and technology, with the simultaneous improvement of the working and living conditions of the cooperative farmers.

In the execution of the economic strategy for the 1980's developed by the 10th SED Party Congress, therefore, the key issue is "to make increasingly better use of all powers of cooperative ownership and to further strengthen the class of cooperative farmers."<sup>13</sup> In the further formation of the developed socialist society in the GDR, the socialist relations of production in agriculture can and will develop on the basis of the two forms of ownership and through their collaboration.

Through the socialist transformation of agriculture the social liberation of the farmers, which was introduced with the democratic land reform, was completed. Under the guidance of the working class and its Marxist-Leninist party,



the working farmers, with their voluntary merger into agricultural producer cooperatives, put their own social mode of existence on a new foundation. With the transition to cooperatively organized production, they completed the process of their social liberation as farmers.

The socialist transformation of agriculture puts an end once and for all to the centuries-old oppression of the working farmers and farm hands. In agriculture, too, the exploitation of man through man and all roots for such a relationship were comprehensively and finally eliminated. The village was liberated from the cultural and social backwardness consciously preserved by the exploiting classes. For the cooperative farmers, the path was opened to social progress and a life rich in culture. From the peasantry splintered into diverse social strata, from farm hands and industrial workers, the socialist class of cooperative farmers came into being on the basis of the cooperative mode of existence. In 1960, 65.9 percent of the approximately 900,000 members of the agricultural producer cooperatives, in terms of their social origin, were former small and medium-sized farmers, 5.3 percent--former large farmers, 16.7 percent--former farm hands, and 5.1 percent--former industrial workers.<sup>14</sup>

Under the leadership of the working class, united in close and firm alliance with it, this class developed further on the socialist basis, especially in qualitative respect. Today a new class exists, which preserves the positive traditions of the farmers. Both economically and politically it represents a new force, which helps to support the state and is a substantial factor in guaranteeing the economic, political and social stability of the GDR.

The process of differentiation and polarization, which takes place in agriculture under capitalist conditions among the farmers, has become unknown to the cooperative farmers in the GDR. The fear of ruin, of losing the farm, of social descent, which constantly accompanies hundreds of thousands of peasants and farmers in the capitalist countries, is completely alien to them. Rather economic and social security are foregone conclusions for the cooperative farmers in the GDR. They are among the most important achievements, which the cooperative mode of existence in socialist society has brought them.

In the 35 years of the existence of the GDR, new relations among people have come to prevail in the countryside as well. If in the former village the social position and the influence of the farmers were determined through their social origin, through size of their farm operations and animal inventories, as well as the size of their bank account, in the course of the past 3 decades the attitude of the cooperative farmers or workers to cooperative work, their work performance, their social activeness, and their entire personality development have become decisive for their assessment and estimation. Today the village has become a community of people who truly have equal rights. "All farmers. . . have the same duties and enjoy the same rights. They all have the same fundamental interests. No one is excluded anywhere. All doors are open to all. There are no people with too many or too few privileges, no exploiters and exploited."<sup>15</sup>

A new kind of thinking has increasingly developed in the village. Among the cooperative farmers, too, Marxism-Leninism has more and more become the shaping theoretical and ideological foundation of the modes of thought and conduct.

The cooperative farmers are taking an active part as reliable alliance partners in the exercise of political power in the GDR, in the solution of all political, economic, social, cultural and military tasks of our socialist society. This, too, is an important result of the 35-year development of the GDR. By far more farmers and workers in agriculture than ever before are participating as deputies, as elected representatives of different state and supra-enterprise organs in the management of the state and the economy.

Thus in the people's representations of the GDR 44,712 members of cooperatives are at work as deputies. More than one-fifth of all deputies (21.8 percent) are members of the class of cooperative farmers. With about 850,000 cooperative farmers in the GDR, this is a very strong representation. In the GDR People's Chamber 10.4 percent of the deputies are cooperative farmers, cooperative gardeners or cooperative fishermen, in the bezirk chambers of deputies--11.9 percent, in the kreis chamber of deputies--11.8 percent, and in the municipal councils--24.1 percent.<sup>16</sup> With the elections of 6 May 1984, the number of members of cooperatives at work in local people's representations has further increased. In the councils for agriculture and food industry, about 10,000 members of cooperatives are at work on the basis of a mandate of the kreis farmers' conferences. In the cooperative councils of plant and animal production, about 19,000 cooperative farmers are active. "Approximately two-fifth of all members of cooperatives are carrying out social functions in communities, cooperative councils and commissions, as well as in public organizations."<sup>17</sup>

The only briefly portrayed facts constitute already impressive testimony of the extent and the diversity of the co-governing and the participation of the cooperative farmers, and of the breadth of socialist democracy and at the same time also of the willingness of the members of the class of cooperative farmers to bear responsibility. All of this proves the maturity of the class of cooperative farmers and its enormous development within the last few years.

Fascism left a culturally backward and socially deranged village. Among other things, this found expression in the fact that in 1945 more than 4,100 one-grade schools still existed on the territory of the contemporary GDR. Their elimination was left to the workers' and farmer's power. In the past 35 years since the founding of the GDR, education and culture have entered the villages. The cooperative farmers and workers in agriculture today have in principle the same possibilities for access to education and culture as all other citizens in the cities.

Enormous things were accomplished in the sphere of education and professional skill improvement. In 1949 the proportion of farmers with more than an 8th grade education was very small. It was not worthwhile to document the few with a completed technical education in the statistics. Today already more than 47 percent of the cooperative farmers and workers have a 10th grade school education and 90 percent have a completed education as skilled worker, master workman, or a completed technical school or advanced school education. The number of the personnel with and advanced or technical school education working in agriculture alone has doubled since the beginning of the 1970's. In 1983 approximately 68,000 cadres with an advanced and technical school education worked in this sphere of the national economy.

The considerable level achieved in the education and professional skill improvement of the cooperative farmers and workers reflects in an impressive manner the enormous upswing in the subjective force of the agricultural forces of production and in the spiritual education in the countryside.

The villages, too, have a large share in the fulfillment of the core item of the socio-political program, residential housing construction. Between 1971 and 1983, 115,600 apartments were newly built or renovated for cooperative farmers and workers in agriculture. During the period 1981-1985, 55,000 apartments alone are being newly built or reconstructed. Clean streets, reconstructed and plastered houses are more and more strongly becoming the hallmark of the villages. Since 1971 the proportion of apartments with inside toilets simultaneously increased from 18 to 45 percent, of those with bath or shower--from 15 to 61 percent. That is an enormous achievement if one takes into account what the sanitary facilities were like years ago in most of the villages. "A politically advanced, in its social unity complete village, equipped with many modern apartments, schools and cultural facilities, in which all take part in the social life on the basis of equal rights, that is our contemporary reality."<sup>18</sup>

#### FOOTNOTES

1. "The State Farms Headed for Increasing Yields," NEUES DEUTSCHLAND, 3/4 December 1983, p 4.
2. Cf. "Intensivierung der Landwirtschaft der DDR" [Intensification of the Agriculture of the GDR], Dietz Verlag, Berlin, 1984, p 40.
3. "XII. Bauernkongress der DDR am 13. und 14. Mai 1982 in Berlin. Protokoll" [12th GDR Farmers' Congress on 13 and 14 May 1982 in Berlin. Protocol], Staatsverlag der DDR, Berlin, 1982, pp 53 ff.
4. E. Honecker, "At a time filled with struggle we are successfully continuing the proved course of the 10th Party Congress for peace and socialism," in "7. Tagung des Zentralkomitees der SED" [7th Session of the SED Central Committee], Dietz Verlag, Berlin, p 39.
5. Cf "Zur Entwicklung des Einsatzes landtechnischer Arbeitsmittel als ein wichtiger Bestandteil der Agrarpolitik in der Landwirtschaft der ehemaligen sowjetischen Besatzungszone bzw. der DDR von 1945 bis zur Gegenwart" [On the Development of the Use of Agricultural Technology Work Materials as an Important Component of the Agricultural Policy of the Former Soviet Occupation Zone or the GDR from 1945 to the Present], textbook, Advanced Engineering School Berlin-Wartenberg, Berlin, 1983, p 8.
6. Cf H. Semmelmann, "Cooperative Farmers in the Struggle for the Realization of the Economic Strategy of Our Party," EINHEIT, No 6, 1984, p 492.
7. Cf H. Schieck, "Tasks for the Continuation of the Intensification of Agriculture in the 1980's for the Increase of Production and Efficiency", KOOPERATION, No 2, 1983, p 69.

8. Cf. H. Luft, "35 Years GDR--High Achievements for Increasing Living Standard", WIRTSCHAFTSWISSENSCHAFT, No 6, 1984, pp 801 ff.
9. Cf. O. Bostelmann, "Beitrag zur historischen Entwicklung der Mechanisierungsforschung im Rahmen der Agrarforschung in der DDR (Dissertation A)" [Contribution to the Historical Development of Mechanization Research Within the Framework of Agricultural Research in the GDR (Dissertation A)], Berlin, 1977.
10. Cf "Statistical Jahrbuch der Deutschen Demokratischen Republik 1983" [Statistical Yearbook of the German Democratic Republic 1983], Staatsverlag der DDR, Berlin, 1983, p 86.
11. "Bericht des Zentralkomitees der SED an den X. Parteitag der SED" [Report of the SED Central Committee to the 10th SED Party Congress], reporter E. Honecker, Dietz Verlag, Berlin, 1981, p 73.
12. "XII. Bauernkongress der DDR, Protocol", ibid., p 127.
13. "Bericht des Zentralkomitees der SED an den X. Parteitag der SED", ibid., p 75.
14. Cf "Statistisches Jahrbuch der Deutschen Demokratischen Republik 1960/61" [Statistical Yearbook of the German Democratic Republic 1960/61], VEB Deutscher Zentralverlag, Berlin, 1961, pp 428 ff., as well as [author's] own calculations.
15. "XII. Bauernkongress der DDR am 13. und 14. Mai 1982 in Berlin. Protokoll", ibid., p 127.
16. Cf "Statistisches Jahrbuch der Deutschen Demokratischen Republik 1983", p 393.
17. H. Semmelmann, "Genossenschaftsbauern im Ringen um die Verwirklichung der Wirtschaftsstrategie unserer Partei", ibid., p 493.
18. W. Felfe, "Fulfill the Legacy of Our Champions Honorably", NEUE DEUTSCHE BAUERNZEITUNG, No 23, 1981, p 16.

8970

CSO: 2300/187

GERMAN DEMOCRATIC REPUBLIC

RECENT EFFORTS TO EXPAND SHIFT WORK INCLUDE CONTINUOUS SHIFT

East Berlin PRESSE-INFORMATIONEN in German No 10, 24 Jan 85 pp 4, 5

[Commentary by Christa Frantsche, State Secretariat for Work and Wages:  
"The Economic Importance of Multiple Shift Work"]

[Text] Every worker in industry is entrusted with an average of M140,000 worth of capital goods, more than one-third of which is no more than five years old. Putting this huge equipment potential to even better use is in line with our comprehensive intensification efforts. Because, to make better use of what we have, to reduce costs through wise management--these are important prerequisites for increasing our productivity and hence for continued success in carrying out the policies of our main task.

An important yardstick for measuring the utilization of the basic assets that make up a substantial part of our national wealth is the time during which our capital equipment is used to capacity. Last year, in the case of important machinery and installations, it went up from 15.6 to 16.2 hours per calendar day. This progress was possible not only because we were able to improve our work and production organization, but above all because we expanded the use of shift work. In 1984, 18,000 workers started to work in three shifts or in continuous shifts, respectively. In so doing, they are making an important contribution to the more efficient utilization of technology, particularly of high-productivity technologies.

The goal of more shift work always is to increase performance and to cut costs. The following example shows the results that can be achieved: In the large-body construction area of the parent company of the VEB Metal Forming Combine Herbert Warnke in Erfurt, introduction of the shifted work week has made it possible to utilize the equipment for 21 hours each calendar day and to thus gain an extra 21,500 production hours per year.

Better time utilization of the equipment by way of shift work requires thorough preparation and raises many closely related questions--of a technical and technological, work-organizational and social nature. To clarify them systematically and with perseverance, to include social organizations and workers in the process from the very beginning, that is an important responsibility of management.

For the individual, shift work means a drastic change in his personal life style. Therefore, it requires close cooperation between the firms and local organizations, as the VEB Pipe Combines, Steel and Rolling Mill Plant at Riesa is practicing it in an exemplary fashion. The best way to resolve child care, health care and recreation problems in a way that takes account of the requirements of shift work is on the basis of communal agreements or as part of the concerns of regional interest groups.

Productivity growth in the factories and high production continuity as well as general support of society for shift workers are important prerequisites for interesting more and more workers in the economically essential, better utilization of machinery and plants. In addition to industrial sectors such as metallurgy, chemistry and the coal and energy industry, which have been working successfully in continuous shifts for years, recent progress has also been made in that respect by the metal-processing industry and the light industry.

They are of particular importance in connection with the modernization of existing installations, the rationalization of self-contained technological processes and entire production cycles. Because only if highly efficient technology is put to full use, will it produce results that are necessary to achieve future productivity gains. For that reason, the 1985 Economic Plan Law spells out the task of utilizing important industrial production equipment for 17.5 hours per calendar day. To accomplish this, it is necessary to overcome level differences and--as set down in the competition resolution adopted by the spokesmen of the VEB Electric Project and Plant and Equipment Construction in honor of the Eleventh SED Party Congress--to institute two-shift work in an even larger number of plants and production areas, and to establish the basis for introducing work in three shifts.

7821  
CSO: 2300/288

GERMAN DEMOCRATIC REPUBLIC

BRIEFS

AGRICULTURAL COOPERATION IMPROVED--Berlin, 26 November. At the last session of the SED Central Committee it became clear that the stage of experimentation in agricultural policy is coming to an end. The comparatively good harvest of this year possibly facilitated the decisions. The goal of the new measures is to overcome the absurd separation of agricultural production in cooperatives of plant production and of animal production, which was pushed by the SED at the end of the 1970's. In the future, "economic management functions" are to be transferred to the "cooperative councils", which were formed from both types of cooperatives. Honecker, as also Werner Felte, responsible for agricultural policy in the Politburo, have pointed out the fact that the agricultural cooperatives remained legally autonomous, but this is likely to become more and more a pure matter of form. While at the moment the new "technique" of management and planning is being "practiced" in 88 cooperative production groups, all cooperative councils, according to Honecker in his report before the Central Committee and according to Werner Felte before the Rural Youth Congress in Schwerin, will have economic management functions transferred to them. Furthermore, joint funds were formed for investments, for the stimulation of high outputs, and for reserves; a common economic plan will be in effect for the cooperative production groups. The cooperation between the cooperatives of plant production and animal production, Felte said, is a key question of the further social development. [Text] [Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 27 Nov 84 p 14] 8970



HUNGARY

#### OPERATION OF BOND EXCHANGE DESCRIBED

Budapest MAGYARORSZAG in Hungarian No 7, 17 Feb 85 p 25

[Article by Antal Andrassy: "Stocks New Hope: e.g. Pannonker, The British Gold Bordered"]

[Text] The 43,500 stocks for the Bosphorus Bridge issued by the Turkish government in the amount of 10 billion liras were sold out within hours. Ankara only sold the rights to dividends from the profits from the bridge; the stock purchasers did not become part-owners. The Turkish government guaranteed to the purchasers a 50-percent interest profit on the shares with a 3 to 5 year maturity date.

#### The Thirteenth

Although shares with interest rates similar to the Bosphorus shares are yet unknown here, bonds, as tools of our financial policy to bolster and widen profitable activities, have appeared in our country. Moreover, since the 1982 law decree of the Presidium shares in the amount of 1.5 billion forints have been issued by councils and economic organizations. Nearly half of them have been purchased by private parties, proving that those looking for capital have started to campaign for the savings of the general population.

Stocks can be defined as a permanent loan. The issuer is the debtor, the purchaser the creditor. Money invested in this way will under no circumstances disappear, as, for instance, the stocks available to the public are insured by the government to pay a certain interest rate. The issuers--mostly agricultural enterprises and commercial ventures--are trying to secure financial resources in this way for new processing plants or for the development and expansion of the retail network in their areas of operations. But shares have been issued for the expansion of gas and telephone lines, construction of apartments, and purchase of computers and agricultural equipment as well. The Pannonker shares issued the week before Christmas of last year came from the Food Products Trading Company of Veszprem County. And although among the shares available to the public this was the thirteenth, putting aside superstition, the interest was so great that in two hours the stocks, mostly in denominations of 10,000 forints, totalling 15 million forints, were all sold. During advance purchases, available to the employees of the trading company, trust in the venture was manifested by stocks bought in the amount of 1 million forints. They had faith in the development to be funded by the new source.



STOCK PRICES

STOCK PRICES OF THE STATE DEVELOPMENT BANK, FEBRUARY 4, 1985

Name of the Stock	Annual Interest Percentage	Date of Interest Payment	Maturity Date	Amount Issued in Million Ft	Price in % of Face Value	Change in % Compared to Last Week
STOCK AVAILABLE TO BUSINESS ORGANIZATIONS						
COMPORGAN	14-15-16	3/31	1989-94-99	100	on consignment. 100.0	-
SZUV	15	10/15	1990	55	" n.s.	-
MKB-Red Star Agr. Coop	12	12/10	1991	180	" 100.0	-
Gen. Telephone of Szeged	11.5	3/31	1998	27	" 100.0	-
AFB-OKGT Gas	11.5	3/31	1993	400	" 85.0	-
Construction Industry	11.25	12/20	1990	50	" n.s.	-
STOCK AVAILABLE TO PRIVATE PARTIES						
Innovation Fund						
STOCK AVAILABLE TO PRIVATE PARTIES						
Consumer Goods Trading Co of Pest County	11	3/31	1991	20	109.5 111.5	-
SKALA	11	5/31	1991	136	109.5 111.5	-
PIERT	11	6/30	1991	50	106.5 108.5	-
Trading Co of Somogy	11	7/1	1991	25	105.5 107.5	-
Consumer Goods Trading Co of Borsod	11	9/1	1988	30	105.5 107.5	-
KONZUM Dept Store	11	9/30	1991	30	103.5 105.5	-
Garment Trading Co of Pest County	11	11/20	1991	20	101.5 103.5	-
Garment Trading Co of Gyor-Sopron	11	11/20	1991	15	101.0 103.0	-
AMFORA Trading Co	11	11/30	1991	30	101.0 103.0	+0.5
PANNONKER	11	12/10	1991	15	101.0 103.0	+1
Stocking Factory of Bpest	11	12/10	1991	40	101.0 103.0	+1
DOMUS	11	12/10	1990	20	100.0 102.0	+0.5
CENTRUM Dept Store	11	12/17	1991	50	101.0 103.0	+1
Fehervar Dept Store	11	12/17	1990	30	100.0 102.0	+0.5
TUZEK of Alfold	11	12/18	1989	39	100.0 102.0	+1
ARRABONA	11	1/15	1992	15	100.0 102.0	-
Agricult Coop of Csaszar	10	3/15	1992	15	102.0 104.0	-
KUNEP	10	7/1	1989	30	100.0 102.0	-
Agricult Coop of Magyrede	9	3/1	1988	10	99.5 101.5	-
Public Gas Stocks	7.5-9		1992	79	82-88.0 84-90.0	-
Communal Stocks	5.5-7		1988-89	32	89-99.0 91-101.0	-

\*The Bank will buy stocks at purchase price. Address: Budapest V., Deak Ferenc St 3-5  
n.s. = no stock

The Pannonker Trading Company, doing annual business in the amount of 3 billion forints, is becoming well known for its wholesale activities at the county, country and international levels. As a result of the so-called small margin and department store trading, and zero balance export-import activities, they significantly expand and enrich the assortment in their own and their partners' stores. The support of this activity is justified on two counts. On the one hand, the population, the buyers demand a wider assortment of goods expanded by imports, and on the other hand the solution of tasks within international trade results in above average profits.

For the step forward, however, a new stockroom with larger storage capacity is unquestionably needed. The company can use its own development funds strictly for the modernization of its retail network. Opportunities for a bank loan are limited these days, not to mention the high interest rates. So virtually the only solution seemed to be to issue stocks. From the millions collected this way, Pannonker supplements its revolving funds on the one hand, and on the other hand it is also going to complete construction yet this year of a thousand cubic meter stockroom. It will be operational in the last quarter of the year. This development secures an international trade growth of more than 100 million forints. The resulting profit provides plentiful security to pay back to Pannonker stockholders in effect 25 million forints, instead of the 15 million forints collected, counting the seven year maturity of the stocks and the 11 percent interest rate.

It would be foolish to claim that it is the interest and profits of business enterprises that account for the popularity of their stocks. This is certainly not the case. The stock purchaser - whether the employees of the company in question or others - consider stocks as an investment, and they are not particularly interested in where the money will be invested and in what, or what kind of supplementary services will be offered. They intend it to be a financial investment, and a good one at that too.

#### Popular and Not So Popular

The interests of Pannonker stocks, for instance are due in the middle of December of each year, and in the case of a 10,000-forint share the amount of interest is annually 1,100 forints for the first four years, then coupons can be clipped and redeemed for 825, 550 and 275 forints. Beginning with the fourth year the loan will be paid back in four equal parts. The last installment will be paid back in the middle of December 1991. A single share of 10,000 forints will secure 6050 forints in the course of seven years. The share is not issued to a particular name, so it can be sold or given away as a gift at any time during the seven years. The State Development Bank, participating in the circulation of a great number of stocks is also a purchaser of stocks available to private parties. Sales are made more favorable by the observed phenomenon that depending on the interest rate and maturity date, stocks can be sold for a higher price than their face value. Among the 15 kinds of known stocks available to the public, currently the most popular are those of the Consumer Goods Trading Company of Pest County and Skala, as evidenced by the fact that the 10,000-forint stocks maturing in March and May respectively can only be purchased for 11,000 forints. If you find anybody to sell them.

This high yielding, easily "moved" investment, therefore, is more favorable than OTP deposits, which yield less, even in the case of long term deposits and compounded interest. The popularity of stocks is further explained by their tax and duty-free status and--last but not least--by the fact that the government guarantees the conditions of the stocks. In other words, the risk factor is zero. For this reason, in Western countries, stocks issued or insured by the state yield less than stocks not insured, or issued by private ventures. In London, for instance, the extraordinarily famous, so-called gold-bordered stocks pay an interest of 5-8 percent. They are issued by the British government. This is very modest profit, indeed, particularly if we consider that there are stocks that pay 30-50 percent dividends in the event of huge profits, but government stocks' profits are fixed, risk-free.

In contrast to stocks purchased by the public, demand for stocks available to businesses only is rather low in our country. The reason perhaps is that the double profit present in trading stocks among private parties is not so readily apparent here. The 5-10-15-year maturity date is so long that the 16 percent profit promised for a 15-year stock is not sufficiently enticing--if for no other reason than that this time period is virtually incalculable in the Hungarian economy, not to mention the spoken or unspoken inflation. What further complicates the matter is that businesses may purchase stocks only from their development funds, even though this is the least plentiful, so their free capacities, if any, will be used primarily for the development of their own activities. This will be so even if the profitability of their investment does not reach the promised 11-16 percent profit available through investment in stocks.

The interest for stocks scantily available to businesses is itself scanty. So it is no wonder that stock prices frequently fall under their face value, and that the previously mentioned State Development Bank, contrary to public stocks that it will purchase at any time, buys business stocks strictly on a consignment basis. Naturally, the state will not insure them, so the reputation of the company in question is seriously considered.

#### Mini Stockmarket

The frequently mentioned State Development Bank showed good business sense when deciding on servicing the Hungarian stockmarket. For a moderate 2-percent fee it participates in issuing and trading stocks. The way it works is that after ascertaining the reliability and solvency of the interested company--in the case of the previously mentioned company from Veszprem County they examined the business procedures and operations of the company for one week--they obtain the necessary legal and financial permits and secure the printing and registering of the stocks. If the buyers request it, they will hold the papers and pay the annual interests. They have even established a kind of mini-stockmarket; they provide investment counsel in their offices and give an opportunity to trade stocks at daily prices. The bank would like to provide an institutional framework for the lively domestic stock trading, which--as experience has shown--has found itself a trading block outside the financial institution. However, this is

far from illegal, as stocks can be bought and sold wherever the buyer and seller wish to do it.

The bank, the State Development Bank, has expanded to include a new business activity in accordance with its more up-to-date financial policy. Based on experience, this, of course, needs new steps, which, knowing the plans, the interested parties are willing to take. For instance, in the future the Bank is going to issue stocks of its own, or together with other businesses to trade in stocks with variable interest rates, or to make the reinvestment of interest possible. Naturally, all of this may entail a certain amount of risk, but only in this way can we achieve that both business and public savings, in the form of stocks, faster than in the past find their way to a place where they turn a profit effectively.

12366

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8 April 1985

HUNGARY

## TURNOVER TAX, CONSUMER PRICE SUPPORT VIEWED

Budapest HETI VILAGGAZDASAG in Hungarian No 9, 2 Mar 85 pp 50-51

[Article by Sandor Balazsy: "Turnover Tax--Consumer Price Support: A Key Question"]

[Text] The turnover tax or the consumer price support for a number of consumer goods has been modified in connection with the most essential January price increases. Looking into the decrees makes it possible to chart the details.

The Council of Ministers communique announcing the price increases of 21 January this year--speaking about the causes of the price increases--mentioned among other things the need to moderate the price supports. We could learn the new increased prices from the communique--and we could experience them day after day since then from the price tags in the shops. But the extent to which the price support decreased for which products as a result of this is less well known.

Just this consequence of the price increases appears from a decree of the minister of financial affairs which appeared a few weeks ago (Decree No 3/1985 I 19 PM). By comparing the changes in this decree to the 1979 turnover tax decree, or by comparing the keys in the old and new decrees, we can get a picture of those changes in the price support (otherwise known as the consumer price supplement) and in the turnover tax keys which took place in connection with the January price increases.

One of the most important changes is that the price support given consumers has been cut virtually in half for such important foodstuffs as milk products, preserved meat, canned goods containing meat, preserved fish and quick frozen goods. At the same time the price support has been moderated--but only to a relatively smaller degree, and remaining very high--for various fuels, central heating and central hot water service for the populace. There was a very small moderation, having only a technical character, in the case of the price support offered for beef (reduced from 22 percent to 21 percent).

The situation is unique in the case of mass transit. Here the magnitude of the support for consumer prices decreased, but at the same time the method of establishing the support changed. Previously the budget offered the price support in proportion to the statistically demonstrated transportation performance (the accommodation-kilometers delivered) by the BKV [Budapest Transportation Enterprise] and other transportation enterprises; beginning this year a definite proportion of the sales receipts (157 percent in the case of the BKV) will be transferred to the account of the transportation enterprise. The final result will be a significant reduction in the state support given to mass transit, but the degree or ratio of this cannot be determined from the turnover tax provisions.

A number of turnover tax keys were modified as of 21 January also. For example, the turnover tax which we pay in the price of Rama margarine was increased, while the turnover tax for other types of margarine remained unchanged. Obviously, by increase in the Rama price it is intended to maintain centrally the ratio between the price of butter and that of Rama margarine.

#### Change in Turnover Tax Keys as of 21 January 1985

Product	Old Key percent	New Key
Salami	18	11
Various spices	58	42
Rama margarine	25	40
Chewing gum	56	54
Chocolate	32	30
Wine industry products	34	30
Teas	28	22

#### Change in Consumer Price Support Keys as of 21 January 1985

Product	Old Key percent	New key
Dorog brick and lump coal	304	266
Various nut coals	502	461
Domestic black coal	292	253
Tatabanya briquette	261	238
GDR briquette	122	107
Household coke	188	118
Dio II coke	229	159
Central heating	203	146
Hot water service to populace	235	153
Beef	22	21
Consumers' cow milk and powdered milk	64	29
Processed cheese and edible curds	122	67

[continued on following page]

[Table continued from previous page]

Other cheeses	86	39
Other milk industry products	36	19
Preserved meat and canned goods		
containing meat	20	12
Quick frozen goods	35	17
Capital tram, bus and HEV [Budapest		
Suburban Railway System]	249 forints*	157
Metro	280 forints*	157

\*Support per 1,000 accommodation-kilometers completed; this ends beginning in 1985 and a percentage support takes its place.

It may sound incredible, but nevertheless the new decree did bring a reduction in the tax burden for a few product groups. For example, the turnover tax for pepper, cinnamon, cloves and allspice was reduced as was the turnover tax for teas, salami and--it is true, to only a most modest extent--chewing gum, chocolate and wine industry products. In the case of the spices the moderation in the tax was accompanied by some reduction in the consumer price, but in the other commodity groups listed it was not (indeed, the price of chocolate even increased). All this means that in these cases the budget is holding back appetites somewhat to the benefit of producers, and thus the producers can increase their own producer price receipts without increasing consumer prices.

Finally there is a product for which we sought in vain in the 19 January turnover tax decree, although the price asked for it in the shops increased considerably. This product is sugar, the turnover tax key for this has been and is zero percent, so we are not paying a turnover tax for it and we are not getting a price support for it. So for the time being the increase in the consumer price will increase the receipts of the sugar factories. Thus a number of partial effects and interdependencies deviating from one another lie behind the changes in the tax and support keys. With the present keys the average Hungarian consumer will pay this year a turnover tax of 12 forints every time he runs through 100 forints.

Of course, the individual tax ratio can be higher or lower than this average value. If articles bearing a high tax burden make up a significant part of a person's consumption then he will be increasing his "tax contribution" voluntarily "and singing." Articles which typically bear a high tax burden are alcoholic beverages, tobacco, coffee, gasoline and even toto and lotto tickets.

Actually anyone would have the possibility of reducing the tax burden weighing on him by cutting back on the consumption of these articles. But however much people do not like to pay taxes our minister of financial affairs hardly needs to fear (and the minister of health affairs has no reason to hope) that consumers grumbling because of the increase in prices and groaning under the increased tax burdens will begin en masse to boycott alcoholic beverages and tobacco. Prisoners of their passions and bad habits people throughout the world always let themselves be led astray by the taxman.

### Simplification

The turnover tax used throughout the world is a so-called indirect tax, in contrast, for example, to the income tax, which experts list among the direct taxes. The base for the turnover tax is the consumer price; thus the turnover tax key is always less than 100 percent. The goal of domestic tax policy in recent times has been to reduce the number and spread of turnover tax keys. The most commonly used tax key is 11 percent; a tax smaller than this is applied to the so-called preferred products and a key greater than this is applied to the so-called 'dispreferred' products. (Preferred products are those the increasing consumption of which is judged desirable from an economic or social policy viewpoint. Dispreferred products are the ones we want to reduce the consumption of.)

The budget gives consumer price support to the producer in those cases where—for price policy reasons--the organs guiding the economy want to keep the consumer price at the level below the producer price. The base for the consumer price support is also the consumer price, so it can happen that the support key is several hundred percent.

8984  
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HUNGARY

ADVERSE EFFECTS OF COAL SHORTAGE DESCRIBED-

Budapest HETI VILAGGAZDASAG in Hungarian No 6, 9 Feb 85 pp 34-35

[Collection of articles: "An Analysis of the Coal Picture; Panorama From the TUZEP (Fuel and Building Material Trade Enterprise) enterprises"]

[Text] According to expert estimates consumers last year received about 200,000 tons less coal than necessary, and the coal shortage is not yet completely over. In our article--deviating from our traditions--we do not research the background or causes but rather try only to give a snapshot of what the coal shortage has meant to people in several regions of the country.

Florian Mezes: "Allotment Possibilities"

According to a department chief of the Budapest Region TUZEP the coal shortage in Fejer, Komarom and Pest counties is neither constant nor complete. According to her the jump in trade in the middle of January can be attributed solely to the expected price increase. Of course, more coal was burned here also due to the great cold, but people will begin to stand in line to make up for this only later.

The coal allotment of the capital region TUZEP, the allotment approved by the Ministry of Domestic Trade, coincided with what the TUZEP had submitted for approval both last year and this. (In the allotment system the TUZEP enterprises measure the needs to be expected and submit their requests to the ministry. These are compared there with the domestic production and import possibilities and then the allotments are sent to the TUZEP broken down by mines.) The TUZEP enterprises--willy-nilly--adhere to the ministry allotments, but these can be changed easily during the year. Last year the Budapest Region TUZEP received the quantity prescribed for it in the allotment, but in a different composition.

In January of the allotment--as they said at the TUZEP--"only 70 percent was fulfilled," they got only 75,070 tons of coal instead of 116,000 tons.

The TUZEP has not stock in hand, and can only sell what arrives. They also released their reserve supply and so could sell 7,000 tons on 4 December and 4,000 tons on 7 January out of the Polish import briquettes stored there, primarily to schools, nurseries and barracks. The site chiefs--if coal arrives--decide on their own initiative whether to limit the amount which can be purchased at one time to 5-20 quintals. They do not accept advance orders; only he can get coal who is there when it comes.

The Budapest TUZEP supplies the capital with coal and firewood and--as the commercial director of the enterprise said--"the situation here is better than the average." In any case, they could promise whoever ordered domestic coal, coke or firewood last week that it would be shipped in the middle of this week. But those who heat with German briquettes were able, at the end of last week, to order delivery only for the beginning of March.

About half of the trade of the capital TUZEP comes from import, primarily from GDR import. The January allotment for German briquettes was 21,000 tons but as of 20 January only 5,031 tons had arrived; the mine in the GDR has not shipped any coal since 15 January.

Despite this, the director said, they have not restricted supply, have not fixed how much coal can be ordered at one time. They received only two thirds of the January domestic coal allotment. Within this, for example, they got 350 tons of first class screened brown coal instead of 3,400 tons and they got 1,990 tons of second class instead of 9,200 tons. According to the commercial director, however, if they get through the critical period in February--according to the forecasts at the beginning of this month there will be great cold again--then the capital coal situation will not deteriorate.

Jozsef Ballai (Kecskemet): "Modifying the Needs"

On 31 January 1985 we made a telephone survey of the duty officers at the Tiszakecske, Lakitelek, Kerekegyhaz and Helvecia TUZEP sites asking, Is there any coal? The answers were unanimous, No. "The situation is most serious for us," summed up Endre Buza, deputy director of the Alföld TUZEP supplying Bacs-Kiskun, Csongrad and Bekes. As of 22 January the enterprise had received 5,200 tons of coal and a promise from the Borsod mine to deliver another 4,000 tons by 31 January. But even if they do they will have delivered only 75 percent of the amount contracted for.

Severe restrictions have been put into effect at the TUZEP sites in the three counties. In a circular letter they arranged to create stockpiles for nurseries, kindergartens and schools. The sites can satisfy the needs of the populace only if the coal for these public institutions is set aside. Depending on how many are waiting the site chief decides how much can be sold; the lucky ones can take home 5 quintals at one time, but it has happened that coal has been sold in lots of only 50 kilograms, which generally is enough for 2 days.

The customers of the Alfold TUZEP were saved from a total shortage by an ample firewood reserve. By the end of last year the customers had signed for 132,000 tons of this instead of the originally planned 116,000 tons.

According to the situation judgment of the Alfold TUZEP the truth also includes the fact that those who wanted to could have bought their winter fuel in the summer. The trouble is that not enough wanted to; in 1984 the enterprise suffered a deficit of 10 million because the populace did not purchase their summer reserves, and they were forced to ship back for power plant use the coal which got ruined during storage. "An appropriate concession would help end these problems," they emphasized at the TUZEP. "This would be needed also," they said, "simply because in the first days of 1985 the enterprise plan was reworked, because of the coal shortage." In the course of this the coal needs for this year which had been estimated at only 850,000 tons in the fall of last year were raised to 960,000 tons. And the amount of domestic coal assigned to them by the Ministry of Domestic Trade is only 816,000 tons.

Zoltan Miklosvari (Pecs): "Reconstructed Demand"

The fuel supply in Baranya, Somogy and Tolna counties appeared somewhat better compared to other regions of the country, nevertheless people have been standing in line at the fuel sale sites in the past weeks and resellers have appeared also. The Southern Transdanubian TUZEP responsible for this region was not able to satisfy, in either volume or variety, the needs of the populace which increased with the onset of the extraordinary cold and which, according to the people at the TUZEP, may have been a bit excessive. In any case, customers are waiting for daily shipments at the TUZEP sites--there are no reserves--and take away immediately whatever arrives. For this reason, in some places, they will not sell more than 5-15 quintals to a customer.

There is a shortage primarily of good quality, lump Pecs and Komlo coal. But there is an increasing quantity available to customers of Nagymanyok briquettes and fuel for people with small incomes, of coal washings and of firewood, which can supplement coal in some places.

In any case, the Mecsek black coal covers only part of the fuel needs of Southern Transdanubia; in addition the TUZEP gets brown coal from the Central Transdanubian mines. The prospects for this year are not very reassuring even yet; last year the Southern Transdanubian TUZEP traded roughly half a million tons of coal and briquettes; they asked for 515,000 tons of coal this year but received a promise for delivery of only 480,000 tons.

Istvan Hajdu (Debrecen) and Jozsef Hasko (Nyiregyhaza): "Authorized Penetration"

For 20 years there has not been a case in Hungary where citizens waiting for coal broke down the gates of a TUZEP site and "occupied" the offices. It is understandable that the employees of the Eastern Hungarian TUZEP

Enterprise taking inventory on 14 January were quite surprised when the residents of Hajdu-Bihar "penetrating" the office said unanimously that they would not leave until they got coal.

Workers at the site immediately began taking orders, the taking of inventory was suspended, and they were able to satisfy the demands for a few days. But by Thursday afternoon, on 17 January, the coal reserves were exhausted--only firewood could be purchased--and after that the customers demanded delivery in vain, by telephone, letter, telex and every other possible way. Last year the Eastern Hungarian TUZEP supplying Szolnok, Hajdu-Bihar and Szabolcs-Szatmar counties received a total of 100,000 tons less than had been promised at the beginning of the year at the time of central assignments. This is half of the 200,000 ton national shortage. At the end of December and the beginning of January the TUZEP ordered that only 15 quintals, later 10 and today only 5 quintals of coal can be taken from the sites per customer.

Following the breaking down of the gate of the TUZEP site in Debrecen the situation improved somewhat thanks to extraordinary deliveries and the milder weather, but the situation is not rosy. It is not despite the fact that foreign coal also has reached the eastern part of the country. As of 20 January, for example, 26,000 tons of coal should have gone to Szabolcs, but only 16,500 tons arrived. The enterprise got about 20,000 tons of various types of fuel through the good offices of the Ministry of Domestic Trade from import and domestic sources, and fuel supply for health and child care institutions in the county has been solved for one or two weeks.

The Borsod Coal Mining Enterprise recently offered unsorted shaft coal. The customers seized the opportunity, even at the price of some of them going to Putnok for it with their own cars. By the end of January about 75,000 quintals of coal had been consumed at the Debrecen TUZEP site and they still record 3,500 advance orders. Each day coal is sold on advance order to 100-150, and sometimes 200, customers.

Sandor Horvath (Gyor) and Iren P. Skoda (Szombathely): "Variety Shortage"

The fuel situation has been unchanged for some time in the West, that is in the western part of Hungary. "It is hardly any consolation elsewhere, but here in the Bakony region people are more patient and understanding, perhaps because there are many miner's families," said Ferenc Finta, director of the Northern Transdanubian TUZEP Enterprise supplying Gyor-Sopron and Veszprem counties. "At the same time, supply in this area is more flexible than elsewhere; when there are hang-ups we try night deliveries."

Despite this sales have been restricted at all 12 TUZEP sites in Veszprem County; one can buy at most 15 quintals at a time. The picture is somewhat darker in the Rabakoz and the Szigetkoz. According to those affected the standing in line in Gyor begins at 10 in the evening;

according to the night watchmen a certain "commotion" can be experienced only after 3 in the morning. Assigning line numbers during the day holds down a greater tumult. The production problems in Dorog have hurt the situation in the Little Alfold; so it has happened that those standing in line at dawn have returned home without concluding their business. The TUZEP reserves are slowly being exhausted and the import shipments have started later than expected too. Despite the problems it has not been necessary yet to close schools and other institutions because of the coal shortage.

Last year the Western Transdanubian TUZEP responsible for Vas and Zala could handle 142,500 tons of coal and 82,500 tons of briquettes, which was less than the demand. The situation was not better in the first month of the new year, as of 20 January the sites had received 4,700 tons of coal and 3,700 tons of briquettes, which was used up virtually as it arrived. There is coke and firewood, but the TUZEP has virtually no stock of lump coal or briquettes. In Szombathely, for example, the amount of coke consumed in the first week of January would have been sufficient for 290 days at other times; in Zalaegerszeg it would have been sufficient for more than 6 months at other times. At times there are 100 customers crowding before the TUZEP office in Szombathely and Sarvar. Here also the daily line number system is the basis for distribution; the greatest quantity which can be sold is 10 quintals in Vas and 5 quintals in Zala.

Gyorgy Lodi (Miskolc): "Take It and Go!"

Lines of cars, waiting for coal, snake past the classification sites of the Borsod Coal Mines these days in Berente, Egercsehib, Putnok and Miskolc-Lyukobanya. Standing in line is common in the mornings at the TUZEP sites also. By the end of last year the Borsod Coal Mining Enterprise had delivered for use by the populace 213,000 tons less coal than planned. It is small consolation that as a whole the shortfall of the enterprise was less than this because it delivered to the power plants 125,000 tons more than planned. The populace might have gotten a part of this surplus, but we learned from the leaders of the coal mines that there was simply no demand for coal from spring to fall. So they sold even nut coal to the power plants, although it is a shame to burn that there.

For the first time they have now opened the Feketevolgy and Putnok coal storage depot to ease the coal shortage. By the end of January they had sold from these sites 12,000 tons of unclassified, so-called shaft coal. About the same quantity of lignite was delivered from the Visonta strip mines to supply the populace and public buildings. The Borsod Forest and Wood Processing Farm announced a "Take it and go!" action. This means that if someone undertakes to break up fallen trees in the forests he can get a cubic meter of wood for 150-200 forints.

The most critical situation is in Eger, Encs, Hatvan, Heves, Mezokovesd and Mezocst. In these settlements, for example, they have still not been able to satisfy 520 January advance orders.

8984

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HUNGARY

# CONFLICTING VIEWS ON AGRICULTURAL PRODUCTION SYSTEMS AIRED

Budapest FIGYELO in Hungarian 31 Jan 85 p 15

[Article by Peter Bonyhadi: "Will the Production Systems Make Further Progress? The Main Indices of Their Functions"]

[Text] Farm managements are increasingly critical of the production systems. They find that the service fees are too high and the value of the services rendered by them are disproportionately low. They have learned new production technologies, which had earlier been kept as "alchemic" secrets, they have modern, although somewhat worn out machinery, and in one word many of them consider the membership fees of the production systems as a sort of compulsory taxation.

Many of the farm managers are thinking so, but not all of them. There are indeed some of them who consider the fees charged by certain machine renting systems too high, noting that renting costs might reach the double of the price of the machines. Others, however, join the production systems precisely because they realize that they can charge the renting fees to their expense account, while the price of the machines has to be charged on the more limited development fund. And, by the way, they will have to pay less for the machines later, when they consider it as opportune to buy, by taking into account the rent they had paid for them.

But, after all, what are these production systems which are being mentioned nowadays with less and less respect? In official terms: "The production system is a form of cooperation that serves the economical development of certain branches of independent enterprises, coordinates the products of biology, technology and management sciences into a unified production process, constantly develops and applies them to the management process by the use of various intellectual and material kind of services."

## The "Explosive Charge"

Since the careful definition and founding of the first production system, i.e. the poultry production system of the Babolna farm--which then had still been a state farm--almost 25 years have elapsed and agriculture--it is rather a commonplace to repeat--has meanwhile made gigantic progress.

Yet the industrial poultry and egg production system of Babolna was merely a prototype of such production processes. It was not the "explosive charge" of the general technological development in agriculture. However it was as a matter of fact a system in which the unified vertical structure of an agricultural commodity group, including all phases of poultry and egg production, from research up to the production of the commodity, came into being.

The standard bearer of agricultural development became in 1970 the CPS (Corn Production System), which later became the IKR [Industrial Corn Production System], that was also founded under the aegis of the Babolna farming enterprise. In view of the good experiences abroad, Babolna was able to purchase American corn-producing machinery for its entire cropland. Reckoning with one machine unit for each area of 800 hectares, the farm put 12 machine units into the production of corn, from sowing to the gathering of the harvest, on its 6500 hectares cropland. In that time the Babolna farm was the only one to have a production system.

In later course it turned out that 12 machines were too many for the Babolna estate. Thus, in order to better exploit the American "miracle machines" the managers of the farm leased them to the neighboring farms.

This sort of occasional paid work undertaking was followed by a cooperation contract, in terms of which the contracting parties with the Babolna farm have paid, for the use of its technology and services, 40 percent of the excess value they have harvested over their average corn yield one year earlier. By 1973 corn was produced--on the basis of the Babolna system--on 126,000 hectares cropland. This success paved the way for the establishment of a Hungarian-American mixed enterprise and the application of this system all over our country. That was the moment when those "explosive charges" were ignited.

#### On Changing Tractors

By adapting the Babolna system to other products and committing themselves to the use of machines and technologies, one production system was organized after the other. Between 1971 and 1985 95 so called "business agent" farms filed for license. There were of course among them whose application had to be rejected off hand. Currently 60 production systems are at work.

To tell the truth, the achievements of the production systems in development has rather been a feat of necessity. In Hungary the industrial and commercial background, that could have provided (and could now provide) agriculture with a complex stock of machinery was and it is still missing. But this does not change the obvious fact that development has taken place. The modern mechanization of Hungarian agriculture began in the early 1970s, coincidentally with the arising of the production systems. According to the statistics of the MEM-Staget [Statistical and Economic Analysis Center of the Ministry of Agriculture and Food Industry] between 1974 and 1979 the amount invested into the purchase of machinery has in each of these years exceeded 50 percent of the total amount of agricultural investments. (By way of comparison it is worthwhile to note that the rate of investments into machinery in the



developed capitalist countries was 86 percent during the last decade). As a result of these investments the mechanical capacity per land unit doubled since the early 1970s, and by 1982 the mechanical hauling power per 100 hectares exceeded 1200 kilowatt. The change in technology has greatly contributed to the fast increase in the crop yields of agriculture.

According to the laws in force the machine stock must be renewed every sixth year. In view of the 107 billion forints value of our machine stock, this would entail an investment of 17.8 billion forints per year. However, despite the relatively high, 50 percent, investment into machinery during the last couple of years, the amount available for this purpose allowed only purchases for 11 to 13 billion forints per year. Thus at the present level of investment disponibility we have not even the capacity of a simple replacement of our machine stock.

The situation has further deteriorated as a result of the increase in machine prices in 1983 and the cancellation of machine price subsidies in 1984. All this, coupled with the decrease in investment resources, may cause further great impairment in the technological level of agricultural production.

#### Decreasing Resources

The restrictions in resources and the quickening increase in the prices of implements made it impossible for approximately 30 percent of the farms to exchange at least the used implements. This is reflected by the faster decrease in the net value of the resources, which became particularly crucial insofar as the most mobile of the implements, i.e. machinery, is concerned.

The failure of replacement is obvious not only in case of machinery but also in the state of preservation of production buildings and in the decline in plantation cultures. It is also manifest in the fact that in 1982 there were less places of accommodation for cattle and poultry than in 1976, and space in the pigsties was only 5 percent larger.

As a consequence of decreasing investments, the wearing out of the implements and their excessive use have been further enhanced and the net value of fixed resources has decreased between 1972 and 1978 from 76.3 percent to 73 percent, in 1980 to 70.9 percent and by 1982 to 70.8 percent. On the other hand the net value of the machines was in 1982 only 55.3 percent.

Thus by the early 1980s the investment resources grew limited and one does not need much gift of prophecy to predict that we cannot reckon with a significant growth in development in the future either. But then we have that group of production systems, which are "in command" of 90 percent of the sowing area of the most important produces over 63 percent of the entire extension of our croplands, are integrating the 44,000 hectares of orchards, 25,000 hectares of vineyards, 11,000 hectares of vegetable gardens of 680 farming enterprises, and manage the husbandry of 380,000 cattle, almost 500,000 ewes, more than 3.3 million egg-laying hens and 50 percent of the pig stock of our large farming enterprises. If not against the production systems--after all there are still some of them which provide high-level



services in production development and production itself--but behind them there are hundreds of member farms which are equipped with increasingly sophisticated, conscious of their skills in production and knowledgeable experts. They are those who want something for their money and even are daring enough to send home the experts of some production systems, who under the pretext of professional advising are coming merely to have a good lunch.

#### The Program of Development

At a first sight the spleen of the farm managers appears to be incomprehensible since earlier--with the exception of a few areas--there was little need to coax the farms into joining the production systems. On the contrary, the interested enterprises often had to wait in line for being admitted. As a matter of fact the production systems are being supported by their member farms which therefore, as sorts of stockholders, have the right to devise the agenda, and in desperate cases to leave the enterprise. However the farms are reluctant to make suggestions themselves. They are paying just for being counselled.

In spite of all this it is possible that the farms have consigned some production systems to disintegration because of the constant decrease in their financial means and since the services they received had lost their value.

However, the problem is not that simple. Since the production systems became widespread during their almost two and a half decades of existence, they became integral parts of the technics and technology of agricultural management. For in the current development system the production systems are the prime agencies of the various development ideas and programs of the government. They are working out the necessary development proposals and technological recommendations for our grain, wheat, milk and material and energy rationalization programs. It is of course conceivable that the production systems charge the member farms for the proceedings that they have worked out on commission from the government, as services done on their account. And it does not seem to be unlikely that the farms which are independent from any production system are starting with handicap in the race for development subsidies.

We could of course argue on whether or not this practice is correct. Yet it is undeniable that to distribute billions of forints as development subsidies centrally and so to say on trust, in lots of 10 million forints among hundreds of farms, would be a lengthy and ambiguous task. In countries with developed agriculture this task, which entails a certain guaranteeing and integrating role, is tackled by the various professional chambers and interest protecting organizations.

Despite all this it is theoretically difficult to reconcile with our current macroeconomic management system that a joint enterprise, which in this case is called production system, should define on the basis of certain privileges the development and production trends of independent agricultural enterprises.

These privileges are nonetheless tolerable if the production systems can provide novel and above all useful services. After all the member farms are always expecting such "trickling-down" benefits. This is of course easier to be said than to be done. The production systems themselves are aware of the pressure for renewal upon them and nevertheless they cannot change their direction or to break away.

#### The Need for Renewal

Keeping in mind the above cited "classic" definition of the production systems, one form of renewal would be to deviate from this interpretation. The virtually unique interest of the member farms in paying as little service fee as possible points in this direction. For, if this system centre, which functions as a joint enterprise, wants to survive, it has to look after such ventures by which it could extend, not only to its own members but also to external enterprises, services which would differ from what it had provided thus far and which are of greater value. For example it could join produce marketing, the activities of material and spare part supplying enterprises, etc.

The production systems by changing the pattern of their hitherto activities, which were primarily of technological and integrational character, could promote the entrepreneurial activities of their member farms. For example, they could supply their members with market information against the payment of a service fee or a profit share, or eventually against the assumption of a possible loss. They could provide alternate programs for decisionmaking. They could collect the most important findings of scientific and technological research required for the development of a farm experimenting with them or adapting them under operating or half-way operating conditions. They could represent their member farms before research, developer, manufacturer and catering organizations.

Reviewing the original draft of the production systems' purposes, it might in all probability open a new avenue if the current simple horizontal cooperation would be replaced by vertical cooperation. It seems that the independent successors of dissolved trusts may become the proper partners of such a design. For doing this it would be of course necessary that financial interest be asserted in the full verticality of the food processing varieties.

#### Undertaking

When listing the possibilities of a solution and pondering its possible outcome, it becomes more and more obvious that a renewal of the production systems cannot be conceived by insisting upon the original definition of their destination. And if it is so, then we need a new vision. And this can only be assessed by finding the correct input-output ratio in production development. In plain Hungarian this is a question of lucrativity.

For the production systems' managers were thus far sure that development can only be achieved by capacity increasing investment. They tried to counterbalance the increase in expenditures by the relentless growth of

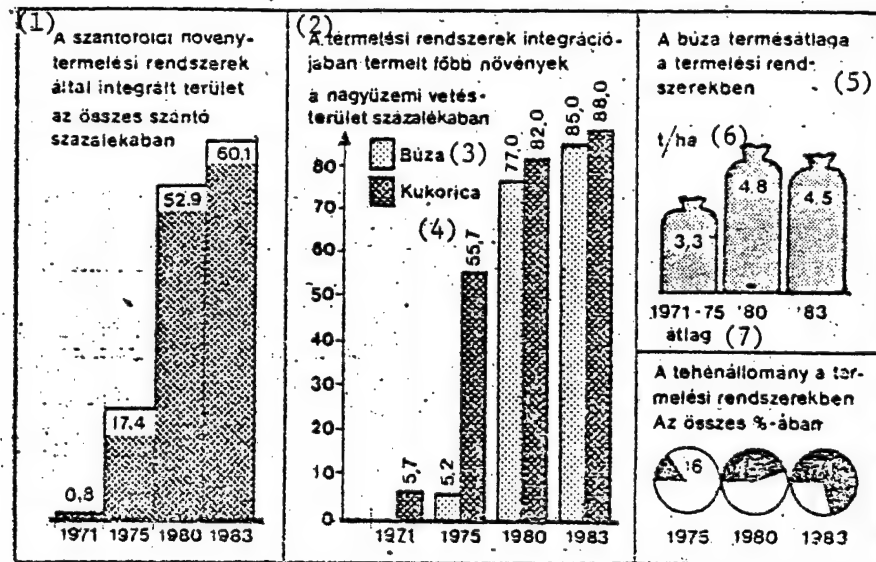
the yields. But beyond a certain limit this is no longer possible. Simply because for example it is more profitable to produce 8 tons of corn per hectare cheaply than 15 tons expensively.

There is a possibility and other possibilities should be created for the organizational development of the production systems. For example, in such production systems in which the integrator is not an independent enterprise separated from the farms, but only an agency, it should be possible to replace this agency by a more efficient enterprise. One or another of the primarily plant producing enterprises are embracing such a product spectrum that, as a matter of course, an efficiency sequence has evolved among the cultures planted. In such a case the particularly successful branch or branches of production could make themselves independent within the development system and may perhaps continue operating as the affiliate enterprises of the production system.

To couch it in somewhat lyrical terms, from the gray chrysalis of the present production systems new kind of development enterprises may arise like butterflies. Such technological development enterprises could undertake to discover the sources of innovation, could assess their possibilities of introduction and dissemination, could initiate their quick and efficient utilization, in other words they could promote the dissemination of innovation by means of their operations, and could advance the increasing integration of intellectual abilities into the economic production. However, they could successfully accomplish this only if they could operate in a very sensitive personal and entrepreneurial interest system.

The aforementioned possibilities are of course not general panaceas. The production systems should select their trends of progress on the basis of their own possibilities and capacities. This would serve their own interests and that of the entire agriculture as well.

A termelési rendszerek működésének főbb mutatói



- (1) The Areas Integrated by Plant Production Systems Operating on Ploughlands Projected in Percentages of the Country's Entire Arable land
- (2) Prime Produces Planted in the Integration of the Production Systems Expressed in Percentages of the Entire Cropland of Large Agricultural Enterprises
- (3) Wheat
- (4) Corn
- (5) Average Yield of Wheat in the Production Systems
- (6) tons/hectare
- (7) Average
- (8) Share of Cattle Kept in the Production Systems Expressed in Percentages of the Entire Cattle Stock

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CSO: 2500/298

POLAND

MAJOR CHANGES IN 1985 'GOVERNMENT ORDERS' LIST

Warsaw ZYCIE GOSPODARCZE in Polish No 6, 10 Feb 85 p 15

[Article: "Government Orders"]

[Text] The institution of government orders for materials and products was introduced for the first time in 1983. Its substance is based on the achievement by economic entities of the goals defined by the Council of Ministers. The minister of material management deals with interdepartmental control and coordination. An enterprise's acceptance of the requirements is completely voluntary, as is set forth in Resolution No 151 of the Council of Ministers of 1983, but there exists the possibility of the parent agency's placing an obligation on the enterprise or cooperative to conclude agreements to fulfill a government order (in accordance with the laws on special legal regulation during the period of overcoming the socioeconomic crisis).

The aforementioned Resolution 151 of the Council of Ministers and Resolution No 57 of 1984 establish the rules and methods for filling government orders in 1985 regarding the instruments for controlling the fulfillment of central plans and government orders and operating programs for 1985, supplemented with the data of the Central Annual Plan for this year.

Government orders are meant to ensure the supply of basic articles for residential construction (furnaces, bathtubs, sinks, gas stoves, gas meters, water and heating pumps, mineral wools, paints and varnishes), essential for agriculture (nitrous and phosphoric fertilizers, pesticides, tires and tubes for tractors and farm machines and twine for farm machines), products satisfying the basic needs of the population (light bulbs, thread, toothpaste, shampoo, hosiery products, knitted underwear for adults, shoes, notebooks, tablets, etc., as well as spare parts for mechanized household equipment) and articles necessary for the improvement of on the job safety and health (work and safety clothing and shoes, fire extinguishing materials and fire hoses).

The list of materials and products comprising 1985 government orders includes 106 items. Defined in the list is the scale of production of particular articles and this means that surpassing it will not assure preferential treatment in government orders. Only 14 products and materials are exceptions to this rule.

In 1985 the Central Annual Plan expanded the list of products comprising the orders by nine items. In addition, in six instances corrections have been made in favor of the market, sometimes at the expense of exports, sometimes increasing the scale of the orders.

Describing the entire list is difficult. But it is worth noting the items for which the scale of the orders has increased most in comparison to last year. They are, for example, articles of high speed tool steel, metal products, alloys from the electronic materials class, metal tools for machining metals and licensed telephone exchanges for public use of the "Pentacont" system.

This year there is a binding rule that for every article contained in the government order one ordering unit has been named, regardless of whether the product is destined for the supply of enterprises, the home market or export. This is a significant change from last year.

A further basic modification applies to naming the list of those having access to foreign currency for specific materials and products. In 1985 funds for importing materials (besides central imports) necessary to fill orders are available to the ministers of metallurgy and the machine industry (87 items), chemical and light industry (38), forestry and the timber industry, construction and the construction materials industry, communication, materials control, education and upbringing.

Access to government orders is linked to supply priorities in the form of a guarantee of the purchase of materials and raw goods, fuels and energy included in compulsory distribution or the limit of purchase, in priority for the purchase of unregulated materials and in securing foreign currency for imports from countries of the second payments area. However, participation in government orders does not mean open access to all relief, particularly in liabilities to the State Vocational Activization Fund and in the distribution of depreciation, which were defined in detail in the Central Annual Plan.

Nonfulfillment of government orders means withdrawal of awarded preferential treatment. Improperly used foreign currency must be returned, and if the enterprise is unable to do this, it is obliged to pay into the budget 10 times its value in zlotys at the current rate.

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CSSO: 2600/652

POLAND

PLANNING OFFICIAL LECTURES ECONOMISTS ON GROWTH OUTLOOK

Warsaw ZYCIE GOSPODARCZE in Polish No 6, 10 Feb 85 p 15

[Article: "A Task Not for the Planner Only"]

[Text] The Union of Economic Organizations began its activity this year by inviting the director of the Team for Coordination of Plans of the Planning Committee of the Council of Ministers, Erwin Plichcinski, who offered his observations on "problems of economic policy through 1990". This issue is especially timely on the threshold of discussions on the new five year plan.

The union's guest focused his remarks mainly on conditions for the development of the economic situation in our country in the coming five year period. He mentioned the demographic situation as one of the most important. In the coming five year period, the growth in the labor force is expected to be the lowest in postwar history. It will be twice as low as in the current five year period and amounts to approximately 300,000 to 350,000 people. Only the end of the 1990's may bring improvement.

In the immediate period the burden of supporting people of nonproductive age will increase. It is estimated that for every actively employed citizen, there will be four to five people of pre- or postproductive age. This is one of the most important elements in the increase in social costs.

This demographic situation will exert pressure on the development of at least the material base of the educational system and greater needs for health care services must also be reckoned with.

However, reinforcing the economy will be inadequate in relation to social needs and aspirations. If we consider 62 basic fuels, raw goods and materials, at best a 7 to 9 percent growth in their supply can be expected in the entire five year period. Somewhat more optimistic prospects appear in the supply of soft coal. It will also be better with agricultural stocks. From imports, only more natural gas and electrical energy can be obtained. An increase in the supply of other materials from the Soviet Union is contingent participation in investments in the USSR.

Production capabilities will be formed under the influence of investments from the 1980's. In 1982 expenditures were half those of 1978, when two-thirds of these funds were reserved for residential construction. In addition, as the speaker emphasized, an attempt was



made not to curtail expenditures for agriculture. This meant that investment in other areas fell more than 50 percent. Thus it is not a matter of chance that the rate of consumption of durable goods averages 60 percent and there are areas where it reaches 80 percent. Disinvestment of durable property is occurring at a rapid rate. The effects of this process will be felt in the years 1986 to 1990.

The 20 to 25 percent increase in national income forecast for the coming five year period is unsatisfactory since it does not permit full satisfaction of social aspirations or a narrowing of the gap that separates us from the most highly industrialized nations of the world, especially since it is not the rate of the growth of production but managerial efficiency associated with the unprecedented upsurge in quality we are currently witnessing that guarantees a place in the forefront.

These trends naturally reinforce the need for structural changes in the domestic economy. They should aim in two directions--decreasing the consumption of goods and energy and introducing technology to assure the competitiveness of our products on the world market.

The first direction is very promising, since with frugal management one percent of consumption of fuel and energy can produce a 2.1 percent increase in national income. However, poorly conceived frugality can lead to deterioration in quality while the best criterion of sound conservation activity is the sale of "modernized" products abroad. Here, unfortunately, there is a lack of achievement.

The second direction appears vague. We lack the mechanisms to stimulate the introduction of technical development and reform solutions in their current form have not brought fundamental changes in this area. Means are still being sought to increase work accountability and, in the speaker's opinion, we have too many incentives and too few so-called negative stimuli to inspire good work. Without this kind of decision of a fundamental nature, the planner is left with only analysis of trends up to the present which, despite their favorable course, offer no reason to suppose that we will be able to catch up to the leaders, but rather that we must count on a widening gap.

The speaker's clearly and logically presented points did not satisfy the union's members and guests, however. The diagnosis of the situation was not new to the practitioners of economics and their questions showed that something more was anticipated. Discussion of the concept or concepts of the country's development in the coming five year period was expected.

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POLAND

WESTERN CREDITORS URGED TO SUPPORT IMF MEMBERSHIP BID

Warsaw ZYCIE GOSPODARCZE in Polish No 6, 10 Feb 85 p 15

[Article: "Agreement with Creditor Countries"]

[Text] In mid-January an agreement was initialed in Paris between 17 creditor countries and Poland on rescheduling payments on our indebtedness. It applies to all credits of the government and guaranteed by the government whose first payment dates fell in the years 1982-1984. Together with past due interest, which was also rescheduled entirely, the initialed agreement applies to a total of \$11.9 billion. The total should be paid, beginning in 1990, within six years (in 12 semiannual installments).

This skeletal agreement will be the basis of bilateral negotiations with interested governments on specific conditions for servicing the debt, including the amount of interest. According to the estimates, this liability may amount to approximately \$1.2 billion annually and as established in Paris, we would pay half the interest to legitimate creditors this year and the rest within the next four years. As is known, we have already entered into a similar agreement with private banks. In contrast to the agreement with the governments, it covers the period to 1987 and thus practically the entire Polish debt incurred in private banks. Moreover, it creates certain possibilities for obtaining new credit. The agreement with the governments does not include any concrete conclusions on this subject. Indeed, the Paris Club does not make decisions directly on new credit, but it is worth noting that in agreements on restructuring the debts of other countries, certain recommendations on this subject were formulated and it will therefore have to be taken up by the Polish side in bilateral talks before the initialed agreement with the Paris Club can be officially signed.

This is a key issue for us. For if we compare the burden of the balance of payments resulting from agreements entered into thus far on the restructuring of Polish foreign debt to receipts from foreign currency exports, it still proves to be very serious. This year payments would have to surpass \$4 billion, while all foreign currency receipts last year, for example, totaled only \$5.8 billion. Thus it is clear that systematic interest payments on the consolidated debt would continue to surpass our current capacity. These payments would use up current gross receipts, leaving no funds for essential imports. This would have to have a disastrous effect on the operation of the Polish economy and by the same token would place in doubt our ability to regulate our entire indebtedness in the future. This would be undesirable not only for Polish interests, but for its creditors' as well. It is therefore clear

that current receipts from exports must be supplemented by additional credits. Creditor countries should also be interested in full normalization of economic relations with Poland, which assumes not only the elimination of all discrimination (especially harmful in the area of credit relations), but also the creation of conditions for the growth of Polish foreign currency exports so that the Polish economy could begin to put its potential capacity to use as soon as possible, for only this guarantees that we will be able to manage the debt burden.

One of the significant problems is handling Poland's application for renewal of its membership in the International Monetary Fund, which usually acts as coordinator of activities connected with the regulation of the problems of debtor countries. It not only grants credits for overcoming payment difficulties, but also directly influences the creditors' position in talks on debt restructuring. Also in the matter of Poland's membership in the IMF, we have the right to expect support from Western creditors, who in any case play a leading role in that institution and have a decisive impact on its operations.

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POLAND

## AGRICULTURE MAIN THEME AT ACADEMY OF SCIENCES MEETING

### PAN Secretary Provides Background

Warsaw DZIENNIK LUDOWY in Polish 11 Dec 84 pp 3, 7

[Interview with Prof Dr Antoni Rutkowski, secretary of the Division of Agricultural and Forestry Sciences of the Academy of Sciences, by Hanna Lewandowska: "Agricultural Sciences: With Modern Technology in the 21st Century"]

[Text] [Question] Professor Rutkowski, on Dec 12 there will be a plenary session of the Polish Academy of Sciences (PAN) during which the role of science in the resolution of problems of the food economy will be discussed. It seems that it is not very frequently that the highest circles of Polish scientists have been concerned with these matters.

[Answer] That is true. PAN was organized in 1952. Plenary sessions occur twice a year; in May current problems of the Academy are discussed, in December we work on more particular matters of specific research disciplines or their groups. Agriculture and the food economy have not had much luck so far. Over long years, the plenary sessions rarely discussed these, and then only as an addendum to the main discussion, and the PAN plenary session planned for Dec 1981 did not take place. Now we meet to return to this subject.

[Question] The paper which you will present at this session will express both your views and those of the other members of the Division of Agricultural and Forestry Sciences of PAN. To what extent will it be an evaluation of the state of agriculture and the food economy in Poland and to what extent an evaluation of the state of the sciences that serve those sectors?

[Answer] It seems to me that these two problems cannot be separated. Agricultural sciences are, in essence, applied sciences. Therefore, studies undertaken should be based on practice and the results of such studies should be put into practice.

[Question] What then are the main ideas in your paper?

[Answer] After 1980, there were basic changes in the whole Polish economy. They did not bypass agriculture. I would like to mention that in January 1981, the Politburo of the PZPR Central Committee and the Presidium of the

United Peasant Party Chief Committee proposed principles of a joint agricultural policy and took a common position with respect to the complex problems of agriculture and the food economy. In February 1981 met the Food Economy Council, and on 10 July 1983 the Sejm introduced a constitutional entry guaranteeing the stability of the peasant family farm. At the same time the economic reform began to function, and many sectors of the economy, including agriculture, were severely affected by the restrictions of Reagan's policies.

In this situation it is not surprising that we recognized what is, in my opinion, the main problem: in this new and most complex situation, how might agricultural sciences increase farm production? I am thinking, moreover, not only about agricultural sciences, but of science in general since we have a right to expect help from many fields of basic research in resolving problems related to food production, which are fundamental, but at the same time more specific.

[Question] How do you evaluate the achievements of agricultural sciences thus far?

[Answer] Undoubtedly these achievements do exist. This is borne out by both the increase in yield of grain and of other basic plants and by the quantity of attractive fruits and vegetables in the market.

[Question] Would you admit, however, that this progress is slower than, for instance, in Hungary or East Germany?

[Answer] I will not argue with that. But we must remember that Polish agriculture provides 17 percent of the created national income and up to 50.4 percent of market goods, being at the same time the largest provider for the national market. We must admit that we do not have the best agricultural structure, that we have to contend with shortages of supplies and equipment, and organization of work is not always the best in our agriculture. Many problems arise from this. They do not all come from deficiencies of science; these matters must be clearly separated and I believe that in the course of the discussions they will be explained.

[Question] You mentioned the need for cooperation with other research disciplines, particularly basic science.

[Answer] This is enormously important and very necessary. We must take into account the fact that in agricultural sciences we are approaching the limits of possibility. There are certain biological barriers that cannot be surmounted by conventional methods. This is why basic science and its participation in resolving the most pressing problems of agricultural science are so important.

We place great emphasis, for instance, on research in the area of plant physiology. We would like to succeed in increasing yield by way of photosynthesis. I think also that development basic research in the area of

physiology might improve the assimilation of fodder by animals. As is known, at present 80 percent is lost. Perhaps we might modify the animal organism in such a way that it would use fodder more efficiently.

Another matter that disturbs and absorbs us is agricultural technology: the use of machinery of our own construction and introducing microprocessors into agricultural technology.

[Question] Professor Rutkowski, do you want to pin a flower on a sheepskin?

[Answer] This is most horrifying. When one says microprocessor in our country, it is as if one were conjuring up spirits. Yesterday at the station in Dresden, thanks to a microprocessor, I was able to find out when and where I could book passage and how much it would cost. It is said that microprocessors are expensive, but this is, first, not true, and second, a weak argument.

Many scientists look for development in agricultural sciences in genetic engineering. I am not against this, but I am an optimist only to a limited degree. Pharmaceuticals will benefit from this sooner than plant cultivation. Also, I have little faith in a pig as big as an elephant because I am afraid that it would be more sickly than the ones we have now, and who knows -- since little is known about this in general -- it might be more voracious, or speaking more precisely, it would be less efficient in using fodder than the traditional herd.

[Question] The crisis was severely felt in science. This was probably also true of agricultural sciences.

[Answer] I would rather not go into particulars. The crisis really struck at science. It is not by chance that in my paper I wrote: "Science serving the food economy has always been treated like Cinderella."

[Question] Can I understand this to be an evaluation of the research potential of the agricultural sciences?

[Answer] No, I believe that the potential of our agricultural sciences is adequate in relation to what we have, but in comparison with other developed countries it is low. The level of agricultural sciences is high in cases where the effects are decided by the concepts of the scientists. But in cases where the state of the equipment is decisive we remain behind many foreign centers.

[Question] It is possible to have agricultural sciences at a high level as well as at an average level. In every case, however, we must think about taking advantage of the results of this research in practice. I believe that this is our weakness.

[Answer] I would not panic. The question of putting the achievements of science into practice arouses many misgivings. In the case of agricultural

sciences, I would recommend a less heated and emotional attitude. In agricultural sciences we sometimes have to wait many years for research findings to be carried into practice. That we have to wait for research results and their confirmation for as long as 10-15 years is not the only point. We must remember that in agriculture, in addition to the large socialized farms, there are three million private farms each of which is an independent enterprise and therefore undertakes each decision at its own risk. From the nature of the thing, these entrepreneurs, of whom there are three million, must be cautious. No one will reward them for a wrong decision. Also disturbing is the level of their education. Not having adequate preparation, they cannot take advantage directly of the results of specialized research work.

[Question] But they should seek sincere and good counselors in the agriculture services.

[Answer] For this reason I maintain that a matter of major importance is the creation of an efficient system of disseminating agricultural information. I myself have been an instructor in the Krakow Chamber of Agriculture. Now I am afraid that the agricultural service has become too bureaucratic, that administrative activities absorb it too much.

[Question] What else are you afraid of?

[Answer] The fact that we are universally afraid of modern technology. This fear must be overcome. I am convinced that to an ever greater degree capital- and energy-intensive agricultural production, and therefore cold, economic accounting, will make the decisions about the production strategy of the private farm and about the structure of the whole food economy.

#### Report on Meeting

Warsaw DZIENNIK LUDOWY in Polish 13 Dec 84 p 1

[Polish Press Agency release: "Scientific Aid for the Food Industry; Deliberations of the Plenary Session of the Polish Academy of Sciences"]

[Text] The 61st plenary session of PAN took place in Warsaw on 12 Dec. The subject of the meeting, presided over by Professor Jan Kostrzewski, PAN president, was the role of science in resolving the problems of the food economy.

The introductory paper on the role of science in resolving the problems of the food economy was presented by Professor Antoni Rutkowski, secretary of the Division of Agricultural and Forestry Sciences of PAN.

He stressed that contemporary basic research and the parallel program of applied research will be decisive with respect to food production at the end of the 20th century and the beginning of the 21st. Food is a biological substance that conditions the life and health of the people of our country;



problems connected with its quantity, quality and nutritional value must, therefore, be a subject of especially penetrating research. Here maintaining contact with world science and supporting basic research at an adequate level is of far-reaching significance. This makes progress possible and is a condition for supporting the food economy in overcoming the present and future difficult problems.

Several dozen representatives of various scientific disciplines participated in the discussion. Stanislaw Zieba, minister for agriculture and the food industry, also spoke and highly commended the achievements of science and the significance of its research for agricultural practice and for the whole food economy.

#### Significance of Meeting

Warsaw DZIENNIK LUDOWY in Polish 13 Dec 84 p 1, 2

[Article by Hanna Lewandowska: "Raising Consciousness"]

[Text] For the first time in history, the highest scientific institution in the country, the Polish Academy of Sciences, at its plenary session took up as a main theme a discussion of the matter of agriculture and agricultural sciences. A paper prepared by the PAN Division of Agricultural and Forestry Sciences was devoted to this subject (we spoke with Prof Dr Antoni Rutkowski about its content in the columns of this paper on 11 Dec); this was also the subject of an unusually extensive discussion in which others, besides representatives of disciplines serving agriculture, participated directly.

For some time now, agriculture and the food economy have ceased being a subject that is avoided or passed over and lost in the shadow of disputes over industrialization of the country. Among other reasons, one reason for this is, as one of the participants in the discussion put it, that "Thirty-seven million Poles evaluate the food economy three times a day," and this evaluation is not always positive.

We must take into account the fact that Polish agriculture cannot always compete with agriculture of better developed countries, that we must always contend with inadequate supplies of many items indispensable to production, and not always and not everybody considers the fact that until recently scarcely 5 percent of Polish industrial production was earmarked for agriculture. Today, slowly still, this proportion is changing. But agricultural equipment and machinery continue to be produced in outmoded plants, almost as a cottage industry, from poor raw material. In comparison with other countries, the use of electricity, liquid fuels and coal by agriculture continues to be low.

We must become conscious of many of these facts in order to understand what science can do for agriculture and the food economy. And this refers to not just the traditionally understood agricultural sciences. Electronics and information specialists, geneticists and ecologists, physicists and chemists

can participate in the development of agriculture. The session under discussion served especially to disseminate this truth.

It was good also that human affairs were not lost from sight in the discussion; the need for developing sociological research and including studies in the humanities in investigating the processes and phenomena that are currently taking place in the villages was indicated. Demands were also made publicly that the binding principles of a joint agricultural policy should not be undermined by certain scientists in their publications.

I believe that these were useful discussions, that they fostered the mutual understanding of scientists of various specialities who perceive ever more clearly that science is one and that the research front that serves agriculture cannot be limited to agricultural sciences alone but that it is in the interests of science and the country.

#### Results of Meeting

Warsaw CHLOPSKA DROGA in Polish 3 Feb 85 p 4

[Interview with Prof Dr Antoni Rutkowski, secretary of the PAN Division of Agricultural and Forestry Sciences, by Adam Rolinski: "Our Interview: Science and Food"]

[Text] The subject of the most recent, the 61st, plenary session of PAN was the role of scientists in assisting applied agriculture and, in the broader sphere, the food economy. In conjunction with this, we arranged an interview with Prof Rutkowski.

[Question] How has help been extended by science to agriculture?

[Answer] Primarily in undertaking and carrying out tasks in the area of plant cultivation. As a result of tedious work lasting several years, agriculture was given new, high-yield varieties of grain, especially rye, which under our soil-climate conditions will always hold a significant position.

Since we are speaking about the contribution of science to the development of agricultural practices, we must not omit the activity of centers for plant cultivation located in different regions of the country. Because of their close contacts with the regional requirements of agriculture, these centers do a good job of carrying out their tasks.

Dr Stanislaw Zieba, minister for agriculture and the food industry, who participated in our session, evaluated highly the achievements of the scientists. He also stressed the great significance of scientific research undertaken for those activities of the food economy that are promoting its gradual development.

[Question] Where is the influence and effect of science on agricultural

practice most noticeable?

[Answer] A selection of source data from the sphere of agriculture and the food economy was prepared for the session. This is a rich compendium of information that provides a view of the place of agriculture in the national economy, of the results attained in the agro-food industry, foreign trade in agricultural products and food consumption.

In some cases, in addition to data covering Poland, statistical material was presented illustrating the situation in agriculture of selected European countries. Comparisons were also made between socialist and capitalist countries that establish a high level of agricultural productivity and our country from the point of view of the structure of production and conditions and techniques of production.

On this basis, we can also speak about our successes in which the work of scientists was involved. They are particularly evident in the production of grains, fruit and vegetables, in those areas, therefore, that make up the food economy to a certain degree.

[Question] What can be said about the program for scientific research in the immediate future?

[Answer] Both basic research and a program of practical research connected with it will be decisive with respect to the level of food production at the end of the 20th century and beginning of the 21st. Agricultural products and the level of their consumption have a basic effect on life and health of the people of our country. Included in this are problems not only of quantity, but also quality or nutritive value.

Technological progress is also a decisive factor in the successful course of scientific research. Here I am thinking of the use of computers in agriculture; their role is not yet properly appreciated. Contact with world science, particularly as far as comparative research done at the proper level is concerned, will also be of great significance.

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8 April 1985

POLAND

## PROFESSOR KOLBUSZ DISCUSSES AGRICULTURAL POLICY, PRODUCTION

## Agricultural Policy

Warsaw TRYBUNA LUDU in Polish 21 Jan 85 pp 3, 4

[Article by Prof (Dr habilitatus) Franciszek Kolbusz, Institute of Development of Rural Areas and Agriculture, a distinguished authority on the economics of agricultural production]

[Text] Agriculture and the food economy are that area of material production without whose development lasting economic and sociopolitical stability cannot be achieved. Until the food problem is completely resolved further progress in the building of socialist social relations is impossible. That is why farm production growth, which is fundamental to the production of food, is a matter of the first priority and all other problems embraced by agricultural policy must serve this goal.

The problem of feeding society must be resolved through reliance on our own agriculture and our own food economy--that is the assumption of agricultural policy. Farmers, regardless of the sector in which they must accomplish these tasks, say that production can be much higher. Where conditions are economically favorable for agriculture, these production reserves are effectively set in motion. The increased production in the last 2 years has proven this to be correct. Most of the attention now should be devoted not only to acquainting society with the assumptions of agricultural policy, but also to popularizing the favorable trends, the leading production achievements and the technological solutions, so as to enhance agricultural policy and emphasize its social and production importance. It should also be remembered that implementation of the strategic assumptions in agriculture and the food economy extends over the entire national economy, and mainly over industry, which manufactures the means of production for agriculture and the food economy.

Polish agriculture involves several sectors from the standpoint of ownership relations, with private peasant farming being clearly dominant. Consequently, there are many questions and much controversy, mainly concerning the end-goal systems model of this sector of the economy, the production capabilities of particular sectors, the relationship of the state's economic policy to them, etc.

In many cases these questions and controversies occur apart from the January 1983 resolution of the joint plenary meeting of the PZPR Central Committee and the ZSL Supreme Committee. Section 6 of the resolution states: "The Central Committee of the PZPR and the Supreme Committee of the ZSL confirm the equal-rights status, the permanence and the developmental prospects of all sectors of agriculture. Private family farms are a permanent element of the country's socioeconomic system. The plenum deems it advisable that this permanence be confirmed in the constitution of the Polish People's Republic. The PZPR Central Committee and the ZSL Supreme Committee state that changes which will occur in the agrarian structure will depend on the will of the farmers themselves as an expression of their desires to improve working and living conditions. The State Farms and the Agricultural Producer Cooperatives should consolidate their management, exert an influence on the production, social-welfare and societal-culture progress in the countryside, and tighten their mutual ties with the private farmers."

Agricultural policy, therefore, is not an abstract concept; it has verifiable material dimensions and performs specific sociopolitical tasks regulated by the country's political system and its highest laws. The production-economic problems which it resolves have an impact on the size of production and thus on the satisfaction of society's need for food. From this standpoint, agricultural policy sets specific production tasks for farming and at the same time requires that all of the indispensable measures and means be put into motion without which agriculture, regardless of sector, could not accomplish the tasks set for it.

Despite a growth in the unitary production of agriculture during 1983-1984, the production efficiency of the means of production utilized continues to be low. For example, if we speak of the effectiveness of crop-producing outlays together with agri-engineering actions (measured by number of kilograms of four grains per 1 kilogram of nitrogen-phosphate-potassium), the difference between the farms with the highest yields and those with average yields for agriculture as a whole is 1:2.5, and between the lowest and the highest is 1:4. Another fact: Lower-than-average, by about 10 quintals per hectare, grain crops are harvested from 1.5 to 2 million hectares.

Similar examples can be cited pertaining to other crops or animal production. Hence agricultural policy is faced with tasks of a multifaceted nature. On the one hand it should continue to inspire measures to improve the occupational skills of farmers, and on the other hand it should consistently strive to further change the structure of industrial production, both from the standpoint of quantity as well as quality of means of production for agriculture.

The market of means of production for agriculture has not suffered the same collapse as the market for other commercial items. For example, consumption of mineral fertilizers in the 1982-1983 marketing year totaled 169.7 kilograms of nitrogen-phosphate-potassium, compared to 192.9 kilograms in 1979-1980, a drop of approximately 12 percent. In 1983, 78,100 farm tractors were sold, the highest figure for a 13-year period. Production and sales of farm machinery and equipment, construction materials and other investment goods, rose greatly in comparison with previous years. The amount of production in 1984 permits us to abandon the system of distribution of many types of farm machines and equipment, meaning that a balance is being reached between supply and demand.

This generally favorable assessment must not blind us to the huge amount of needs still to be satisfied. But we must realize that a change in the structure of industrial production is a process of long duration, which requires specific outlays, and whose implementation depends on the economic strength of the entire national economy.

Agricultural policy also envisages an increase in animal production based on feed produced in our own country. In practice this means that it is not only necessary to change the structure of animal production (for example, to beef at the expense of pork), but principally to introduce new feeding technologies which will reduce the grain-intensiveness of livestock production. This means that tasks must be defined not only for farm and industrial producers but also for the research-and-applications facilities of agriculture. Unless these latter strongly involve themselves in rapidly preparing and applying new technologies, the growth in livestock herds and their productivity based on our own feedstocks will proceed much too slowly. If they do not fulfill these functions, the scientific-applications institutions may find themselves the object of justified criticism.

Agricultural policy, as an organic part of the state's socioeconomic policy, should strive to change the structure of the entire national economy so that it can fully satisfy the needs of the entire food complex. This is a task and a goal which is extremely complicated and difficult to accomplish in a relatively short time. This difficulty is further intensified by the economic crisis. These changes, as the materials of the PZPR Central Committee plenum correctly emphasize, may be made only by expanding the entire national economy and the funds which it produces. At present the funds which can be allocated for the internal restructuring of production within the entire national economy are limited. Therefore, agricultural policy must expect that the necessity to selectively determine the areas for which funds may be allocated, from the standpoint of both current and future needs, will be objectively justified.

It is probable, therefore, that outlays for structural transformations in agriculture on the scale proposed by many authors will not find either economic justification or social acceptance. This is because there are still many unresolved problems which are really of fundamental importance to agriculture. These include: mechanization, use of chemicals, land reclamation, installation of water lines and electricity to the countryside and agriculture. Despite a large amount of progress there continue to be many neglected and urgent needs which must be met. The government program for the development of agriculture reveals the extent of these needs and everything should be done so that this program can be fully implemented.

New technical-construction solutions are appearing in the more comprehensive mechanization of the labor-intensive branches (e.g., commercial and root-crop production and livestock), but this is only a hope. To convert this to reality requires investment outlays, but it must be assumed and agriculture and the food economy are a means of opportunity for many branches of industry. Hence agriculture is being treated as a partner and not as a beggar, which is also a plus for contemporary agricultural policy.

Political decisions carry with them a duty to provide a stable but also an active economic policy, that is, a policy which at every stage of the socio-economic development of the country and agriculture, regardless of the availability of farm-food items on the market and the economic situation throughout the entire national economy, ensures that farm production is profitable. Because there are many disputes on this matter I want to explain that agricultural policy can concern itself with the profitability of production only on the large scale, i.e., on the scale of agriculture as a whole.

At the same time, for agricultural policy, profitability is nothing more than the assurance that through correct procurement prices on the basic farm products, there will be a return of the socially warranted, average outlays for production borne by agriculture, along with the input of human labor borne by the farmer. Only if prices are fixed according to those principles can there be any talk about a parity of farm incomes in relation to nonfarm incomes.

By basing price policy on a cost formula, agricultural policy will in the future be able to bring about an expansion in production and shape the desired changes in agriculture's socioeconomic structure. Thus far, generally speaking, the accepted price-policy principles are, on the whole, being implemented. At the same time it would be well to note that the embarking on an active economic policy cannot be restricted to price policy. I stress this deliberately because frequently nothing is done to use state funds to support biological advancements, which are especially important for soil-productivity services dealing with liming of soil, comprehensive plant protection through use of pesticides, a system of rebates in sales of mineral fertilizers, subsidies for feeds and feed concentrates, from which all sectors of agriculture benefit to an equal degree, a credit system, etc. We cannot ignore precisely those measures which are of such vital significance to the modernity of our agriculture.

I have deliberately focused the attention of the readers on problems which are connected with responsibility for agriculture's main task, the task of feeding the nation. This is a task which requires the tremendous effort of the entire national economy and of society. It is the duty of the farm producers to efficiently and economically effectively utilize the conditions which the state provides within the framework of agricultural policy. The basic duty lies with the farmers, who possess the enormous production assets. Thus far the farm population has confirmed by their deeds that they are worthy of society's trust, that they are able to perform the tasks assigned to them even under difficult conditions. Undoubtedly the factor that inspires production activity is agricultural policy, which reinforces the confidence of the countryside. Agricultural policy is not only, or not even primarily, the problem of reconstructing the agrarian structure, as some are trying to suggest. Agricultural policy is a set of concrete measures aimed at ensuring wide-scale development of the countryside and agriculture, not only in the production sphere but in the social as well. By strengthening confidence in this form of activity we will strengthen confidence in socialist production relations throughout the national economy, including agriculture.



## Production, Food Prices

Warsaw ZYCIE WARSZAWY in Polish 22 Feb 85 p 3

[Article by Prof (Dr habilitatus) Franciszek Kolbusz, Institute of Development of Rural Areas and Agriculture]

[Text] The fear that we will not be able to feed our people has passed. This can be attributed to a gradual improvement in the economic situation as a whole, but mainly to better production figures in the critical branches of industry and the systematic growth of agricultural production. In the case of the latter, four groups of factors had a strong influence:

- 1) the basically favorable economic policy in relation to agriculture;
- 2) the fact that agriculture was relatively well-supplied with means of production of industrial origin, despite the general economic crisis;
- 3) good weather for the past 3 years from the agricultural standpoint;
- 4) the diligence, resourcefulness and commitment of Polish farmers, enhanced by the prospects for agriculture outlined in the January 1983 resolution of the 11th Plenum of the PZPR Central Committee and ZSL Supreme Committee.

I will not bore the reader here with numbers, but will mention only that we have now achieved the highest procurement of grain, milk and fruit. Production of sugar, potatoes, rape and many other crops has been good. Herds of all kinds of farm animals are gradually being enlarged, thus the production of meat, poultry and eggs is also increasing.

The results being obtained in farm production and in the farm-food industry now allow us to talk about the possibility of lifting rationing on most food items. Government proposals envisage that a partial lifting of rationing must be tied to an increase in food prices.

The average consumer of food asks why, if agricultural results are good, must retail prices of food go up? Cannot rationing be lifted without prices going up? Still another consumer suggests that rationing be retained at its present level and food prices not be increased. Because in many statements, even from people who are on various levels of management, there are simplifications or the usual generalizations, I want to express my viewpoint on this very complicated--economically and socially--problem.

I will begin with costs in agriculture. Production costs will rise proportionally to the growth of prices on the means of production supplied to agriculture, the use of electric energy, fuel, diesel oil and grease for agricultural equipment, cost of investment, etc. Farmers' incomes, both those in the private sector as well as in the public sector, are the result of how much production is sold and the prices of production. The income must ensure a return of material outlays which the farmers had to make to obtain the production. It



must cover the obligatory payments to the national treasury, such as land and income taxes, property insurance, registration and road fees, insurance on farm tractors, trucks and delivery vehicles, payments to the retirement fund, various membership fees, etc. Only what is left, that is, what remains after material outlays and payments to the state and other institutions, is the farmer's personal income.

Every increase in prices of means of production and investment goods, which the farmer makes use of, without a simultaneous increase in the prices of procurement of farm products worsens the ratio to the detriment of the personal incomes of the farming population--incomes which are in reality payment for their work. At the same time we must remember that farmers who expand production, i.e., buy additional amounts of means of production, build houses and farm buildings, modernize their farms, etc., must allocate part of their personal income for these purposes. Otherwise development of agriculture would come to a standstill.

That is why there must be an increase in procurement prices of agricultural products, and this increase should be regarded as an economic necessity which is also in the interest of society. Without a steady growth in agricultural production, society will not be able to improve its level and structure of consumption. Up to now, the growth rate of prices on means of production has greatly exceeded the growth of procurement prices on farm production, which has disturbed the proportions in the incomes of farming and nonfarming people, to the detriment of the former.

In arguing in behalf of this differentiated growth rate of prices of means of production, the possibility that the differences could be alleviated by improving the productivity of labor in agriculture was stressed. This productivity, throughout agriculture as a whole, is lower than in industry. But this type of argument is only partially correct. The lower productivity of work in agriculture, particularly in private, peasant farming, is the result of its technical and structural backwardness, shaped during the course of its historical development, for which the peasant population cannot be blamed. But every logically thinking person also knows that labor productivity in farming cannot be improved only on the basis of human and horse muscle. Modern means of production, of industrial origin, are necessary here, and investments which would permit modernization of the entire farm economy, introduce the latest technical achievements in agriculture, new methods, etc. Only then can we improve the effectiveness of land utilization, animals, and human labor. In order to do this money is needed, and increasingly more of it because overall progress in agriculture is more and more expensive.

Here we should also say that the farming population does not live by production alone. It is an organic part of society whose standard of living, at least from the material standpoint, should be the same as that of the nonfarming population. And after all, we should not forget that over 40 percent of the country's total population lives in the countryside and it cannot be made to feel like second-class citizens.

Those are the most cursorily described factors; both economic and social, which make it necessary to increase procurement prices of farm products, and these,

in turn, must affect the final cost of the produced food. At the same time, it cannot be said, as is so frequently heard, that the farmers force procurement prices to go up and this reflects on the standard of living of the farm population. It is actually the converse. The farmers quite commonly say: stop increasing the prices of means of production and other industrial items and we, too, will be in favor of a freeze on procurement prices.

In other words, the key to the matter of production costs in agriculture and the farm population's cost of living lies outside of agriculture, in the hands of the working class. But economic laws are objective and inexorable, thus economic life must be guided accordingly. And here we come to another problem, which comes down to the presentation of a very restricted argument which states that the retail prices of food are determined mainly by the price movements in the procurement of farm products. This is not only a simplified reasoning--it misleads the people.

The prices of farm rawstuffs are only one of the components in the overall costs of the production of food. Furthermore, these prices, except for prices of fruits and vegetables, are regulated by government decisions, and therefore they do not arise spontaneously and are not even dependent on the amount of production in a given year. Only the prices of fruits and vegetables, despite the contracting system, fluctuate seasonally as well as from year to year. This depends mainly on the size of the crops.

But returning to the main subject, I would like to say that the final costs of the production of food, expressed in its retail price, aside from the raw materials, are made up by the cost of transporting it, processing it, together with packaging it and transporting it to the sales center, and the cost of selling it. These costs are often very high and sometimes exceed several times over the procurement prices of farm products.

Workers in other branches of industry, using our own plants as an example, know how costs of manufacturing grew during 1984-1984 due to increases in wages, depreciation, various taxes, costs of transportation, energy, etc. In the food economy, except for that part based on livestock production, total costs are increased by the seasonal delivery of raw materials--the result of the crop-growing period--which must be procured at a specific time, stored, then processed, so that the food based on this raw material can be produced and delivered on a regular schedule throughout the entire year to the retail sales network. And here it should also be mentioned that in these nonfarming food-producing organizations costs could be greatly reduced, and retail food prices also could be reduced in the future.

I am referring here to the taking from agriculture and the management of all of the production offered by agriculture for sale, expanding the product range of the food produced from a given raw material, changing some of the quality and technological standards, increasing labor productivity, improving the structure of employment, reducing packaging costs, making better use of the wastes, improving the distribution of the raw-materials base, etc.

Obviously many of these matters will require specific outlays, for example for further development, reconstruction and modernization of the agri-food

industry. Some pertinent government decisions have already been made in respect to this. But the mistakes of the past cannot be repeated, mistakes such as the mania for largeness connected with the total neglect of small but very efficiently operating processing plants such as dairies and mills, separation from raw-materials base, failure to consider all aspects, etc. I will not go into details here because this is a separate subject. But I stress them deliberately so as to make the reader realize that a great deal can be done so that the abundance of food items does not carry with it a high rate of growth of prices which can never be fully compensated because this would be unreasonable from both the economic and social standpoints.

At the same time, the attainment of market balance should be preceded by a growth in the production of food which is much more rapid than the increase in retail prices which accompanies it. And this is possible.

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